MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2021 and 2020

BLACK DIAMOND GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") compares the financial performance of Black Diamond Group Limited ("Black Diamond", the "Company", "our" and "we") for the three months ended September 30, 2021 (the "Quarter") with the three months ended September 30, 2020 (the "Comparative Quarter") and the nine months ended September 30, 2021 (the "YTD") with the nine months ended September 30, 2020 (the "Prior YTD"). This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Company for the three and nine months ended September 30, 2021 and 2020 and the audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019. The accompanying unaudited interim condensed consolidated financial statements of Black Diamond are prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A was prepared as of November 2, 2021 and, unless otherwise indicated, all amounts are stated in Canadian dollars. Black Diamond's common shares are listed on the Toronto Stock Exchange under the symbol "BDI".

Additional information relating to Black Diamond may be found on the Black Diamond website at www.blackdiamondgroup.com or on the System for Electronic Document Analysis and Retrieval at www.sedar.com ("SEDAR").

Certain information set forth in this MD&A contains forward-looking statements including, but not limited to, the amount of funds that will be expended on the 2021 capital plan, how such capital will be expended, expectations for asset sales, management's assessment of Black Diamond's future operations and what may have an impact on them, financial performance, business prospects and opportunities, expectations regarding partnership projects, changing operating environment including changing activity levels, particularly in the face of the COVID-19 pandemic and associated restrictions and lifting of restrictions, effects on demand and performance based on the changing operating environment, amount of revenue anticipated to be derived from current contracts, anticipated debt levels, economic life of the Company's assets, future growth and profitability of the Company and realization of the anticipated benefits of acquisitions and sales. With respect to the forward-looking statements in this MD&A, Black Diamond has made assumptions regarding, among other things: future commodity prices, that Black Diamond will continue to raise sufficient capital to fund its business plans in a manner consistent with past operations, that counter-parties to contracts will perform the contracts as written and that there will be no unforeseen material delays in contracted projects. Although Black Diamond believes that the expectations reflected in the forward-looking statements contained in this MD&A, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurances that such expectations or assumptions will prove to be correct. Readers are cautioned that assumptions used in the preparation of such statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties and other factors, many of which are beyond the control of Black Diamond. These risks include, but are not limited to: the impact of general economic conditions, industry conditions, fluctuation of commodity prices, the impact of the COVID-19 pandemic, the Company's ability to attract new customers, failure of counterparties to perform on contracts, industry competition, availability of qualified personnel and management, timely and cost effective access to sufficient capital from internal and external sources, political conditions, dependence on suppliers and stock market volatility. The risks outlined above should not be construed as exhaustive. Additional information on these and other factors that could affect Black Diamond's operations and financial results are included in Black Diamond's annual information form for the year ended December 31, 2020 and other reports on file with the Canadian Securities Regulatory Authorities which can be accessed on SEDAR. Readers are cautioned not to place undue reliance on these forward-looking statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date of this MD&A and Black Diamond does not undertake any obligation to update or revise any of the forward-looking statements, except as may be required by applicable securities laws.

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EXECUTIVE SUMMARY

Key Highlights from the Third Quarter of 2021

- Generated consolidated revenue of $108.8 million and Adjusted EBITDA of $19.7 million, up 164% and 101% from the Comparative Quarter, respectively.
- Generated net income of $5.7 million, or diluted earnings per share of $0.10, compared to a $0.7 million net loss in the Comparative Quarter.
- Consolidated rental revenue of $26.0 million, up 64% from the Comparative Quarter.
- Modular Space Solutions ("MSS") rental fleet utilization improved to 85% and average rental rates increased 9% on a constant-currency basis.
- Contracted Rental Revenue for Assets on Rent in MSS was $53.3 million as at September 30, 2021, an increase of 193% from the end of the Comparative Quarter and up 20% from $44.3 million at the end of Q2 2021.
- Workforce Solutions ("WFS") revenue and EBITDA of $58.6 million and $12.6 million, respectively, increased 239% and 180%, respectively from the Comparative Quarter due to stronger performance from all revenue streams and ongoing improvement in utilization.
- LodgeLink set a quarterly record with 60,398 room nights booked and total gross bookings of $10.1 million in the Quarter, up 87% and 98% from the Comparative Quarter, respectively. On a sequential basis, room nights booked and total gross bookings grew 39% and 29% from Q2 2021.
- Free Cashflow for the Quarter was $17.1 million, compared to $2.8 million in the Comparative Quarter. Net Debt to EBITDA Ratio of 2.7x including trailing twelve-month EBITDA from acquisitions is within the Company's target range of 2.0x to 3.0x, and available liquidity under the Company's asset-based credit facility was $115.8 million at the end of the Quarter.
- The Company announced the reinstatement of a quarterly dividend of $0.0125 per share (or $0.05 per share annualized).

MSS rental revenue set a seventh consecutive quarterly record and grew $5.4 million to $15.3 million, up 55% from the Comparative Quarter. Recurring rental-revenue growth in the MSS segment has been driven by continued fleet growth (both organic and through the acquisition of Vanguard Modular Building Systems ("Vanguard")), robust utilization and continued increases in average rental rates. Adjusted EBITDA of $12.5 million was also a quarterly record for the MSS segment and increased 60% from the Comparative Quarter.

WFS generated Adjusted EBITDA of $12.6 million, a 180% increase versus the Comparative Quarter. WFS revenue of $58.6 million was up 239% from the Comparative Quarter due to increased revenue in rental, lodging and non-rental revenue streams in both North America and Australia.

At the end of the Quarter, net debt of $159.5 million decreased from $172.0 million in Q4 2020. Excess borrowing capacity under the Company's asset-based credit facility (the "ABL Facility") was approximately $115.8 million (Q4 2020 - $84.4 million) and the appraised liquidation value used to calculate the Company's borrowing base was $294.8 million (Q4 2020 - $291.5 million) at the end of the Quarter.

OUTLOOK

Third quarter results reflect the Company's multi-year strategy to scale and diversify its platform. Recurring rental revenue growth of 64% across the Company was underpinned by strong utilization levels and rental rates in the MSS business, ongoing strength in WFS within both the Australian and North American markets, as improving fundamentals drive utilization.

The MSS segment set a seventh consecutive quarterly record in rental revenue. The macroeconomic backdrop remains attractive for the Company's MSS rental fleet, with utilization levels expected to remain strong amidst ongoing increases in average rental rate. Average rental rates in the Quarter across the MSS segment were up 9% year-over-year on a constant currency basis. The Company continues to prioritize capital investment opportunities that provide contracted cash flows at attractive returns. Notwithstanding a modest, seasonal pullback due to the holiday period in the fourth quarter, management expects utilization and rental revenue to remain strong. In the Quarter, the MSS segment generated record quarterly sales revenue driven primarily by operations in the U.S. While fourth quarter sales volumes are expected to remain comparatively strong on a year-over-year basis, the Company views the third quarter to be a high-water mark with respect to sales and non-rental revenue for 2021.

The WFS segment is expected to benefit from the Company's continued focus to diversify by end-market and geography, as well as continued strength in commodity prices as the pandemic abates. Several previously awarded contracts commenced operating during the Quarter, which is expected to result in steady utilization for the workforce accommodations assets throughout the fourth quarter and into 2022. The large increase in WFS non-rental revenue in the Quarter was driven by several projects across North America and Australia. Management expects a more normalized cadence of non-rental revenue for the remainder of the year. However, rental and sales revenues are expected to remain strong.

LodgeLink delivered its highest ever quarterly gross revenue and volume of room nights booked. Total gross bookings grew 98% to $10.1 million from the Comparative Quarter as customers across most end markets are increasing travel volumes amid abating COVID-19 related restrictions. Total room bookings for the quarter grew 87% to 60,398 from the Comparative Quarter, which represents greater than 60% of total room nights booked in 2020. At the end of the Quarter, LodgeLink had 605 unique active corporate customers signed onto the platform with approximately 6,200 properties or 599,000 rooms listed. The Company remains highly optimistic on the future growth potential of Lodgelink as the digital platform continues to scale.

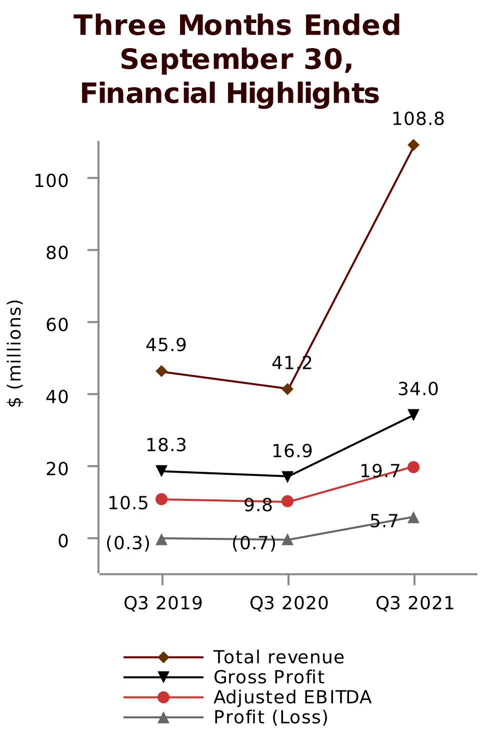
The Company expects continued strength in its recurring, consolidated rental revenue driven by previously awarded WFS contracts, an improving outlook for WFS given stronger supply and demand fundamentals, and the steady cadence of investment in the MSS rental fleet which continues to see an attractive backdrop of steady utilization and improving rental rates due to favorable end market conditions.

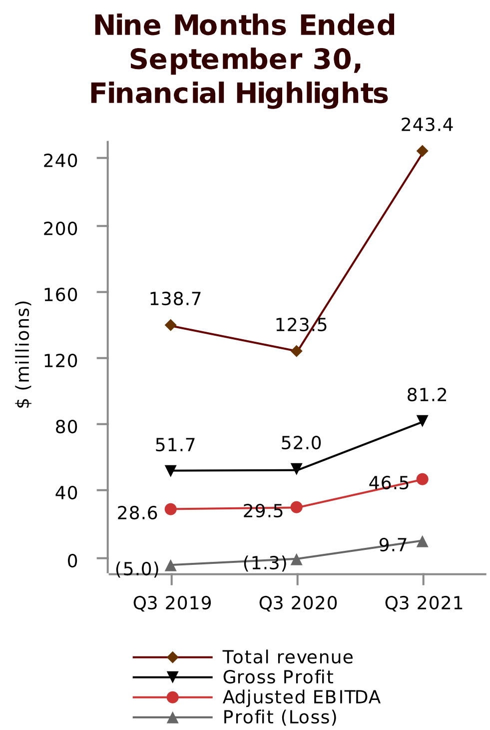
FINANCIAL REVIEW

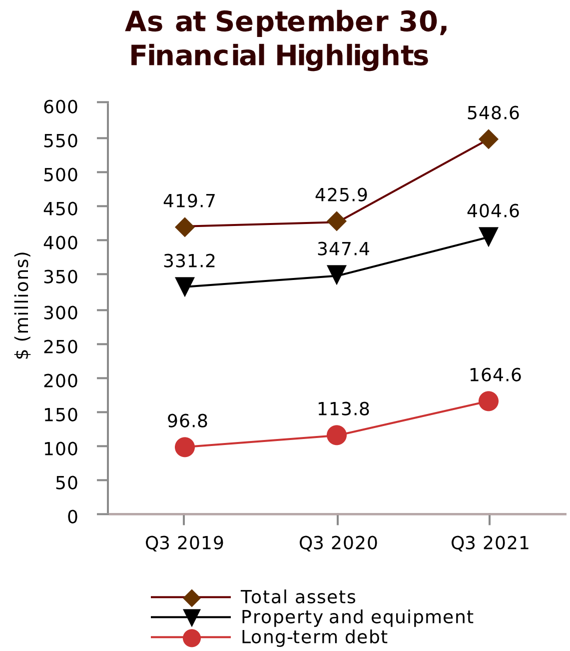
- Revenue for the Quarter was $108.8 million, up 164% or $67.6 million from the Comparative Quarter mainly due to increased non-rental revenue in WFS and non-rental and sales revenue in MSS.

- Adjusted EBITDA for the Quarter was $19.7 million, up $9.9 million from $9.8 million for the Comparative Quarter primarily due to increased rental, non-rental, and sales revenues, partially offset by higher personnel costs.

- The Company exited the Quarter with a Net Debt to Adjusted EBITDA ratio of 2.77 (September 30, 2020 - 2.77) and Net Debt to Adjusted EBITDA of 2.67 including Vanguard trailing twelve months EBITDA.



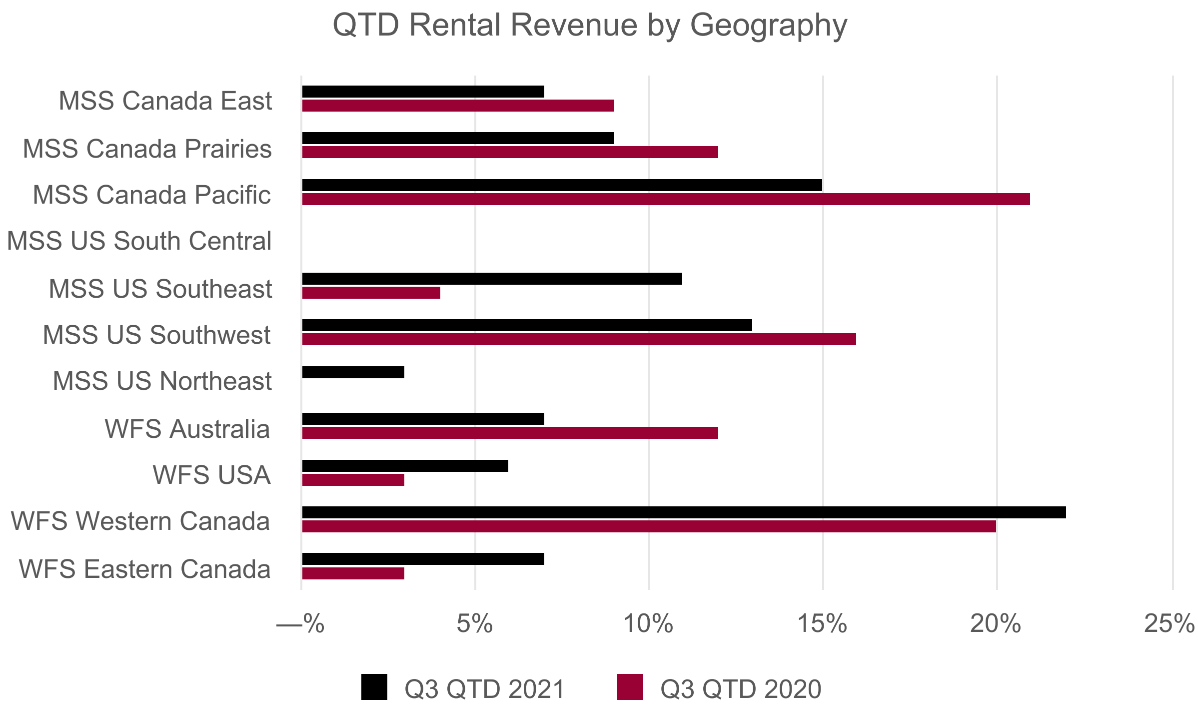


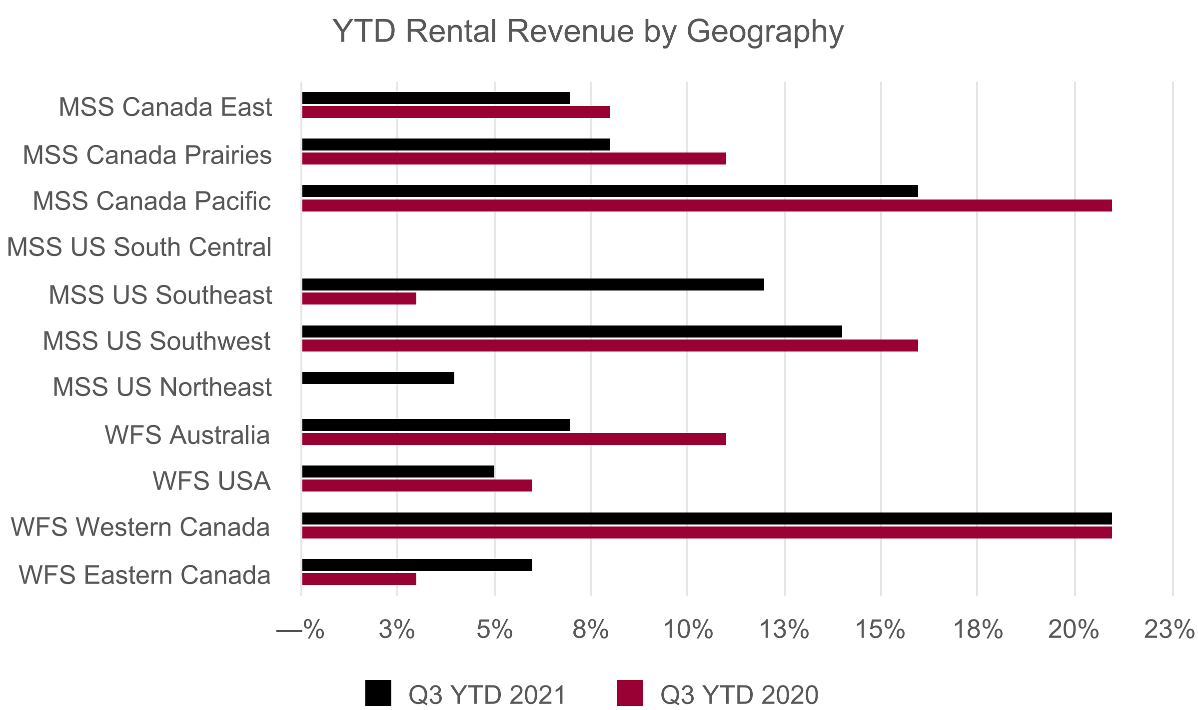


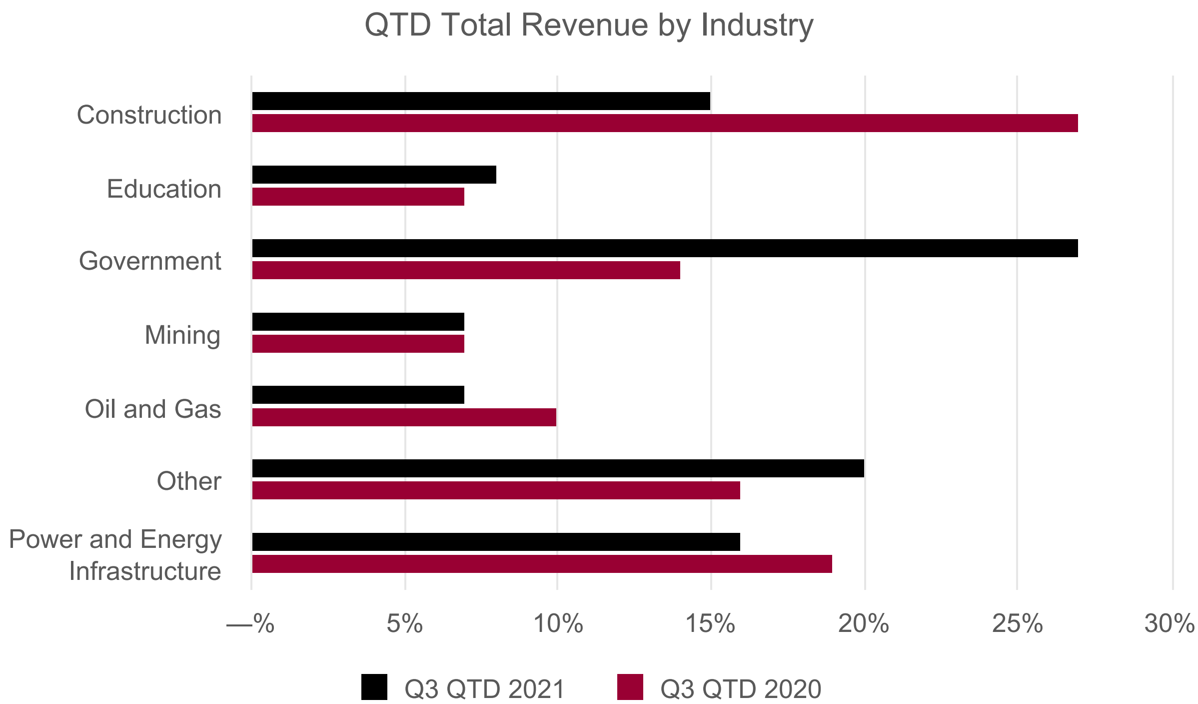
Geographic Revenue Segmentation

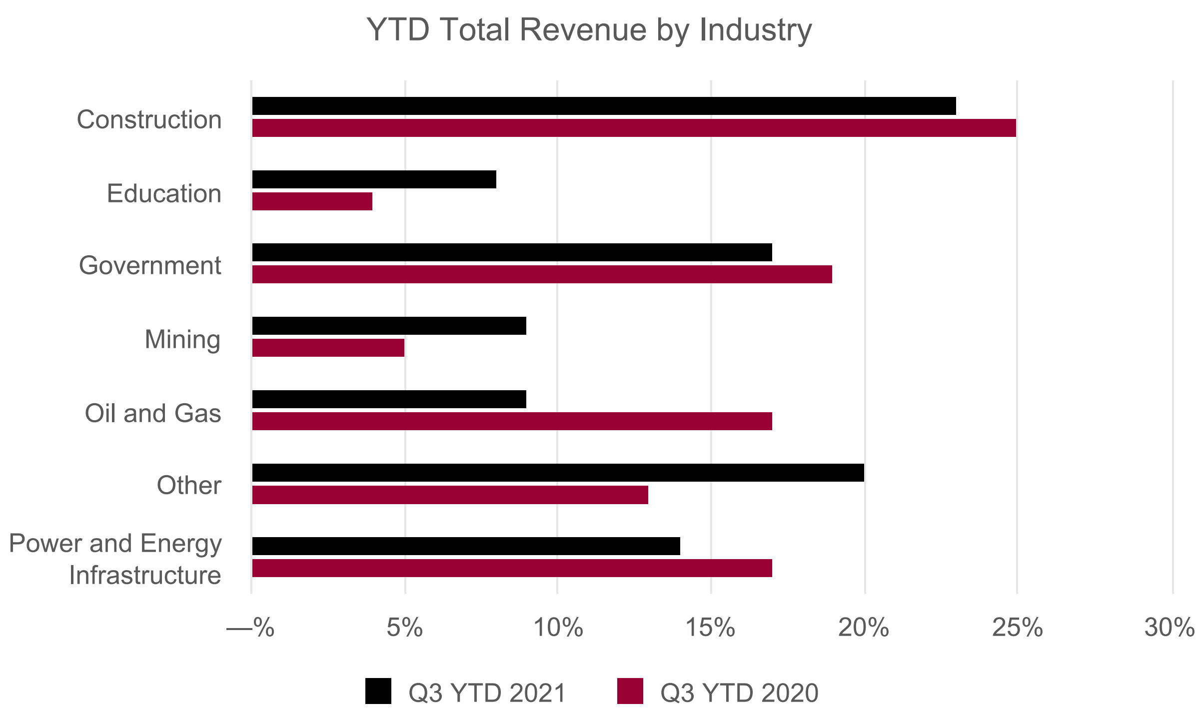
	Three months ended September 30,			Nine months ended September 30,		
($ millions)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Revenue						
Canada	**44.5**	25.6	74%	**112.9**	71.3	58%
United States	**55.4**	12.2	354%	**107.7**	41.8	158%
Australia	**8.9**	3.4	162%	**22.8**	10.4	119%
Total	**108.8**	41.2	164%	**243.4**	123.5	97%

	Three months ended September 30,			Nine months ended September 30,		
Percentage of total revenue	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Revenue						
Canada	**41%**	62%	(21)	**46%**	58%	(12)
United States	**51%**	30%	21	**44%**	34%	10
Australia	**8%**	8%	—	**10%**	8%	2
Total	**100%**	100%	—	**100%**	100%	—


QTD Rental Revenue by Geography
MSS Canada East
MSS Canada Prairies
MSS Canada Pacific
MSS US South Central
MSS US Southeast
MSS US Southwest
MSS US Northeast
WFS Australia
WFS USA
WFS Western Canada
WFS Eastern Canada
—%
5%
10%
15%
20%
25%
Q3 QTD 2021
Q3 QTD 2020


YTD Rental Revenue by Geography
MSS Canada East
MSS Canada Prairies
MSS Canada Pacific
MSS US South Central
MSS US Southeast
MSS US Southwest
MSS US Northeast
WFS Australia
WFS USA
WFS Western Canada
WFS Eastern Canada
—%
3%
5%
8%
10%
13%
15%
18%
20%
23%
Q3 YTD 2021
Q3 YTD 2020


QTD Total Revenue by Industry
Construction
Education
Government
Mining
Oil and Gas
Other
Power and Energy Infrastructure
—%
5%
10%
15%
20%
25%
30%
Q3 QTD 2021
Q3 QTD 2020


YTD Total Revenue by Industry
Construction
Education
Government
Mining
Oil and Gas
Other
Power and Energy Infrastructure
—%
5%
10%
15%
20%
25%
30%
Q3 YTD 2021
Q3 YTD 2020

Capital Plan

Capital expenditures for the Quarter were $12.0 million and capital commitments were $14.3 million as at September 30, 2021. This is compared with capital expenditures of $8.7 million and capital commitments of $2.9 million in the Comparative Quarter. Capital expenditures for the YTD were $25.8 million compared with capital expenditures of $30.9 million (excluding the Spectrum acquisition) in the Prior YTD. The Company's 2021 gross capital plan of approximately $35 million and net capital plan of approximately $25 million to $30 million was targeted to support our overarching strategy of diversifying the Company's asset base and cash flows. With used fleet sales exceeding original targets, the Company now expects that in achieving its $25 million to $30 million net capital plan it may see gross capital expenditures above $35 million.

Capital expenditures for the Quarter included maintenance capital of $3.1 million, compared to $3.1 million in the Comparative Quarter. Capital expenditures for the YTD included maintenance capital of $6.9 million, compared to $7.1 million in the Prior YTD. While the majority of the Company's capital expenditures remain focused on MSS fleet growth, the last several quarters have also benefited from optimization of existing rental fleet as certain assets are refurbished to meet strong market demand, evidenced by continued high utilization of the Company's MSS fleet. Realized returns for fleet optimization tend to be moderately higher than new-build capital expenditures but is limited by the size of the existing rental fleet.

Black Diamond markets its fleet of assets to customers primarily on a rental basis. However, occasionally the customer has preference for ownership when they have a longer-term need for the asset. In these circumstances, Black Diamond sells assets out of its fleet in the ordinary course of servicing its customers. This is a profitable business line for the Company and also helps the Company replenish its fleet with newer assets to maintain a relatively newer average age of the fleet. Proceeds from used fleet asset sales in the Quarter were $3.8 million compared with $0.9 million in the Comparative Quarter. Proceeds from used fleet asset sales in the YTD were $14.9 million compared with $4.4 million in the Prior YTD. The Company's net capital expenditures for the Quarter were $8.2 million, an increase of $0.4 million from $7.8 million in the Comparative Quarter. The Company's net capital expenditures for the YTD were $10.9 million compared with net capital expenditures of $26.5 million in the Prior YTD.

SELECTED FINANCIAL INFORMATION

The following is a summary of selected financial and operating information that has been derived from, and should be read in conjunction with the unaudited interim condensed consolidated financial statements of Black Diamond for the three and nine months ended September 30, 2021 and 2020.

	Three months ended September 30,			Nine months ended September 30,		
(in millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Financial Highlights	**$**	**$**	**%**	**$**	**$**	**%**
Total revenue	**108.8**	41.2	164%	**243.4**	123.5	97%
Gross profit	**34.0**	16.9	101%	**81.2**	52.0	56%
Administrative expenses	**14.3**	7.2	99%	**34.7**	22.5	54%
Adjusted EBITDA (1)	**19.7**	9.8	101%	**46.5**	29.5	58%
Adjusted EBIT (1)	**10.3**	1.4	636%	**20.3**	5.5	269%
Funds from operations (1)	**23.4**	8.6	172%	**55.0**	30.4	81%
Per share ($)	**0.40**	0.16	150%	**0.96**	0.55	75%
Profit (loss) before income taxes	**7.8**	(0.6)	1,400%	**13.5**	(0.6)	2,350%
Profit (loss)	**5.7**	(0.7)	914%	**9.7**	(1.3)	846%
Profit (loss) per share - Basic	**0.10**	(0.01)	1,100%	**0.17**	(0.02)	950%
- Diluted	**0.10**	(0.01)	1,100%	**0.16**	(0.02)	900%
Capital expenditures	**12.0**	8.7	38%	**25.8**	30.9	(17)%
Business acquisitions	**—**	—	—%	**—**	6.6	(100)%
Property & equipment	**404.6**	347.4	16%	**404.6**	347.4	16%
Total Assets	**548.6**	425.9	29%	**548.6**	425.9	29%
Long-term debt	**164.6**	113.8	45%	**164.6**	113.8	45%
Cash and cash equivalents	**5.1**	2.5	104%	**5.1**	2.5	104%
Free Cashflow (1)	**17.1**	2.8	511%	**38.8**	15.0	159%

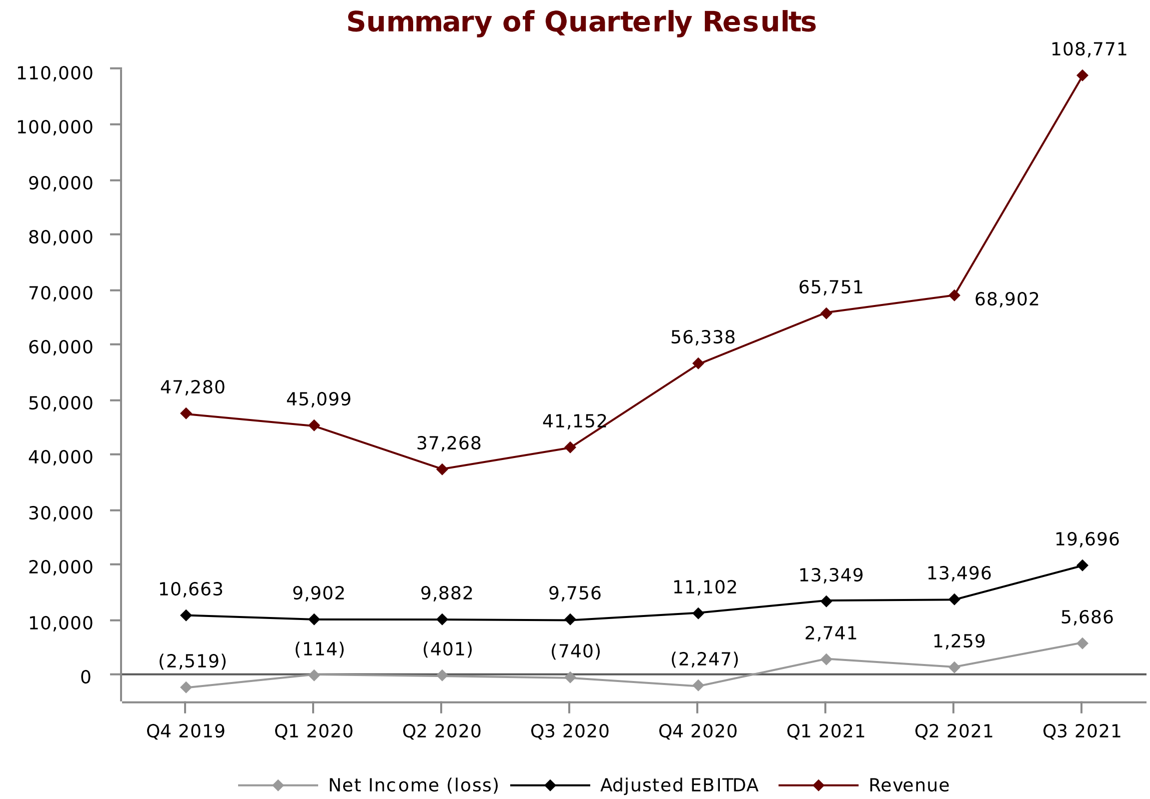
(1) Adjusted EBITDA, Funds from Operations and Free Cashflow are supplemental non-IFRS measurements and do not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA and Funds from Operations may not be comparable to similar measures presented by other issuers. See "Non-GAAP Financial Measures" for further details.

Margin Summary	Three months ended September 30,			Nine months ended September 30,		
(Percent of revenue)	**2021**	**2020**	**Change (1)**	**2021**	**2020**	**Change (1)**
Gross Profit (loss)	**31%**	41%	(10)	**33%**	42%	(9)
Administrative expenses	**13%**	17%	(4)	**14%**	18%	(4)
Adjusted EBITDA	**18%**	24%	(6)	**19%**	24%	(5)

(1) Percentage point basis.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the previous eight quarters:

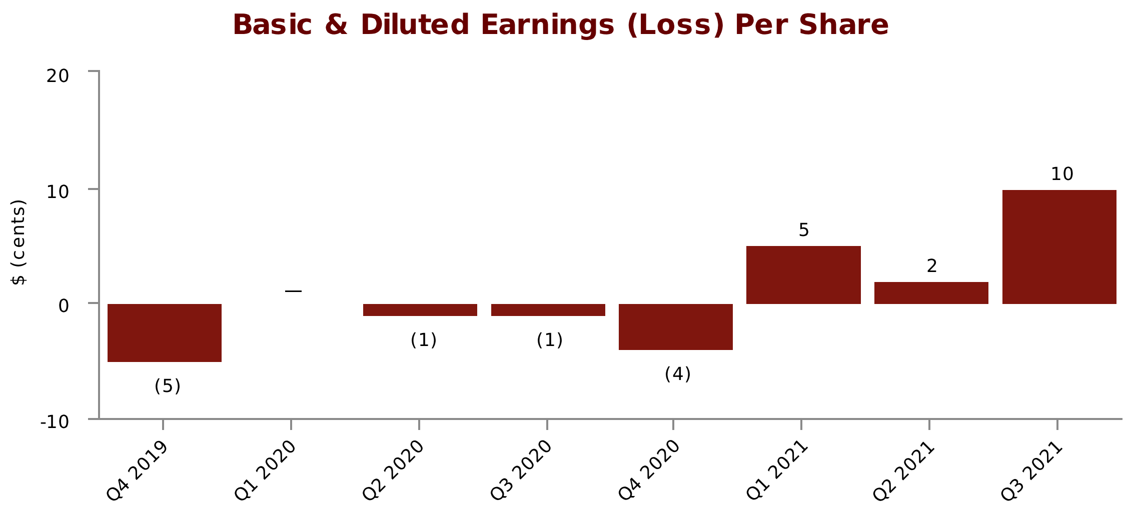


From Q4 2019, revenue has remained relatively flat for two quarters with a general recovery in operations over that period, followed by a fall in revenue in Q2 and Q3 2020 due to the negative effects of COVID-19 on business operations, specifically in WFS.

From Q4 2020, revenue and profit have increased due to the acquisition of Vanguard on November 30, 2020 combined with increased activity in all segments.

The Net Loss and Adjusted EBITDA over the last eight quarters generally trended positively with increasing higher margin rental revenue over the same period. Net Loss in Q4 2020 was driven by acquisition costs offset by one month of Vanguard operations. The earnings (loss) per share followed the same trend as the Net Income (loss) as there were no significant changes in shares outstanding over the eight quarter period.

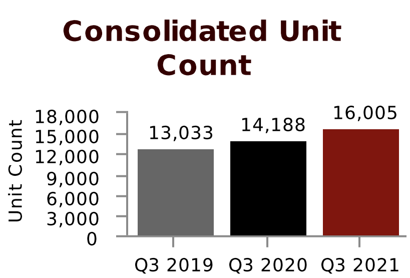
In Q3 2021, revenue and profit have increased due to a significant increase in non-rental activities in the Quarter in both North America and Australia in WFS and increased non-rental margins in WFS and MSS.

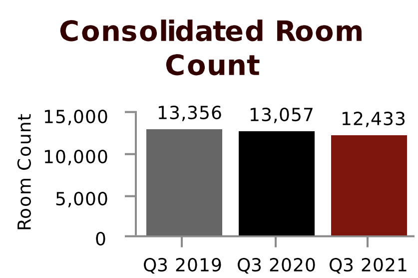


CONSOLIDATED FINANCIAL AND OPERATIONAL REVIEW

Consolidated Fleet

The consolidated number of rental units in Black Diamond's global fleet increased to 16,005 units at the end of the Quarter compared with 14,188 in the Comparative Quarter primarily due to the acquisition of Vanguard and organic fleet additions in MSS. The increase in units is part of the Company's strategy to invest capital from the sale of underutilized assets to asset types that are in higher demand in the current environment. Consolidated unit count includes accommodation units, modular space rental units and surface rental units. Consolidated room count in Black Diamond's global fleet decreased to 12,433 rooms in the Quarter compared with 13,057 rooms in the Comparative Quarter due to used fleet sales in WFS.





Fleet Utilization Rates

	Three months ended September 30,			Nine months ended September 30,		
	2021	**2020**	**Change** (1)	**2021**	**2020**	**Change** (1)
Modular Space Solutions	**85%**	76%	9	**83%**	74%	9
Workforce Solutions:						
Workforce Housing Accommodations: Rental Fleet & Turnkey Lodges (2)	**57%**	30%	27	**50%**	36%	14
Surface Equipment and other ancillary rental equipment	**24%**	34%	(10)	**23%**	36%	(13)
Consolidated	**75%**	56%	19	**71%**	57%	14

(1) Percentage point basis.
(2) Wellsite Accommodations that were previously disclosed separately are now consolidated with Workforce Housing Accommodations.

Black Diamond measures utilization on the basis of the net book value of assets on rent, divided by the net book value of the business unit's total fleet assets.

Q3 2021 vs Q3 2020

The increase in utilization in MSS is primarily due to increased activity within all regions with a strategic focus on mid-life unit refurbishments and selective disposals of older units. The increase in utilization in WFS is primarily due to an increase in workforce housing accommodations due to increased utilization across all regions, partially offset by a decrease in surface equipment and other ancillary rental equipment utilization.

Year to Date 2021 vs 2020

The increase in utilization in MSS is primarily due to increased activity within all regions along with a strategic focus on mid-life unit refurbishments and selective disposals of older units. The increase in utilization in WFS is primarily due to an increase in workforce housing accommodations due to increased utilization across all regions, partially offset by a decrease in surface equipment and other ancillary rental equipment utilization.

Revenue

Black Diamond's revenues are broken out into four categories: rental, lodging, sales, and non-rental:

Rental Revenues are associated with the rental of Black Diamond's owned assets to customers. Rental revenue is the highest margin of the Company's revenues.

Lodging Revenues are generated from the provision of full turnkey lodging services to our customers. Lodging revenue is earned both at the Company's open lodges and at turnkey sites where the Company is providing accommodation assets and additional management or catering services. Lodging revenue is earned on a day rate or days occupied basis.

Sales Revenues are derived from the sale of both new and used assets, including modular space, workforce accommodations, wellsite accommodations and surface equipment assets.

Non-Rental Revenues are derived from a number of services that are typically associated with the rental or sale of the Company's modular space or workforce assets, including the delivery, installation, pickup, dismantling of assets, sublease equipment, maintenance and catering services. The services offered are often required to support the deployment and remobilization of these assets. Also included in non-rental revenue is the revenue earned on bookings at third party lodges and hotels through LodgeLink.

($ millions, except as noted)	Three months ended September 30, 2021	2020	Change	Nine months ended September 30, 2021	2020	Change
Rental revenue	**26.0**	15.9	64%	**70.7**	47.4	49%
Lodging revenue	**9.4**	3.9	141%	**21.3**	10.2	109%
Sales revenue	**15.1**	4.9	208%	**45.4**	15.7	189%
Non-rental revenue	**58.3**	16.5	253%	**106.0**	50.2	111%
Revenue	**108.8**	41.2	164%	**243.4**	123.5	97%

Percentage of consolidated revenue	Three months ended September 30, 2021	2020	Change (1)	Nine months ended September 30, 2021	2020	Change (1)
Rental revenue	**24%**	39%	(15)	**29%**	38%	(9)
Lodging revenue	**9%**	9%	—	**9%**	8%	1
Sales revenue	**14%**	12%	2	**19%**	13%	6
Non-rental revenue	**53%**	40%	13	**43%**	41%	2

(1) Percentage point basis.

Q3 2021 vs Q3 2020

Rental revenue for the Quarter was $26.0 million, up 64% or $10.1 million from the Comparative Quarter primarily due to a $5.4 million increase in MSS rental revenue attributed to the acquisition of Vanguard and a larger fleet, along with higher rental rates, along with a $4.7 million increase in WFS rental revenue due to increased utilization across all regions, particularly in Western Canada.

Lodging revenue for the Quarter was $9.4 million, up 141% or $5.5 million from the Comparative Quarter primarily due to increased occupancy at turnkey lodges.

Sales revenue for the Quarter was $15.1 million, up 208% or $10.2 million from the Comparative Quarter driven by a $10.0 million increase in MSS sales revenue due to the custom sales generated by Vanguard combined with a $0.2 million increase in WFS sales revenue due to increased fleet sales in Canada.

Non-rental revenue for the Quarter was $58.3 million, up 253% or $41.8 million from the Comparative Quarter due to a $30.9 million increase in WFS non-rental revenue due to increased activity in both North America and Australia, along with a $10.9 million increase in MSS non-rental revenue primarily due to higher rental and sales activity.

Year to Date 2021 vs 2020

Rental revenue for the YTD was $70.7 million, up 49% or $23.3 million from the Prior YTD due to a $16.0 million increase in MSS rental due to the acquisition of Vanguard and a larger fleet, along with higher rental rates, along with a $7.3 million increase in WFS rental revenue due to increased utilization across all regions, particularly within Canada.

Lodging revenue for the YTD was $21.3 million, up 109% or $11.1 million from the Prior YTD due to increased occupancy at turnkey lodges.

Sales revenue for the YTD was $45.4 million, up 189% or $29.7 million from the Prior YTD primarily due to a $26.2 million increase in MSS due to an increase of custom and used fleet sales. This is combined with a $3.5 million increase in WFS due to higher used fleet sales in Canada, partially offset by fleet sales in the U.S. and Australia during the Prior YTD.

Non-rental revenue for the YTD was $106.0 million, up 111% or $55.8 million from the Prior YTD primarily due to a $37.7 million increase in WFS non-rental revenue due to increased activity in both North America and Australia. This is combined with an $18.1 million increase in MSS non-rental revenue primarily due to higher rental and sales activity.

Direct Costs and Gross Profit

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Direct Costs	**74.7**	24.2	209%	**162.2**	71.5	127%
Gross Profit	**34.0**	16.9	101%	**81.2**	52.0	56%

	Three months ended September 30,			Nine months ended September 30,		
Percentage of consolidated revenue	**2021**	**2020**	**Change (1)**	**2021**	**2020**	**Change (1)**
Direct Costs	**69%**	59%	10	**67%**	58%	9
Gross Profit	**31%**	41%	(10)	**33%**	42%	(9)

(1) Percentage point basis.

Gross profit margins fluctuate depending on the mix between rental, lodging, sales and non-rental revenue streams. Revenue streams ancillary to rental revenue generally realize lower gross margins than fleet rental margins.

Direct costs related to rental revenue include labour, fuel, materials, freight, maintenance and servicing of rental units. Direct costs related to lodging revenue include catering services, utilities costs, consumable materials and other services required to provide turnkey lodging services. From time to time, Black Diamond will sell used units from its fleet, rent equipment from third parties and re-rent the equipment, provide installation and render other services to customers. These activities are captured in sales and non-rental revenues. Direct costs related to non-rental and sales revenues include the net book value of used units that have been sold, the cost of units sub-leased from others, and the cost of third parties in delivering some of these services.

	Three months ended September 30,			Nine months ended September 30,		
Direct Costs	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
($ million, except as noted)	**$**	$		**$**	$	
Construction and transportation services	**29.2**	10.7	173%	**61.0**	27.3	123%
Subleased equipment	**16.1**	1.2	1,242%	**20.4**	4.8	325%
New sales	**9.2**	3.3	179%	**25.0**	9.3	169%
Catering, utilities and other consumable costs	**8.1**	3.2	153%	**18.8**	10.5	79%
Repairs and maintenance	**3.9**	2.2	77%	**11.5**	7.5	53%
Used fleet sales	**3.7**	0.6	517%	**9.3**	2.5	272%
Labour costs	**3.7**	2.0	85%	**10.9**	5.9	85%
Fleet insurance	**0.6**	0.4	50%	**1.8**	1.3	38%
Rent expense - subleased properties	**0.2**	0.4	(50)%	**1.0**	1.2	(17)%
Other direct costs	**—**	0.2	(100)%	**2.5**	1.2	108%
Total direct costs	**74.7**	24.2	209%	**162.2**	71.5	127%

Q3 2021 vs Q3 2020

Direct costs for the Quarter were $74.7 million, up 209% or $50.5 million from the Comparative Quarter primarily due to an increase in subleased equipment tied to a significant project in WFS and construction and transportation services in both segments.

Gross profit for the Quarter was $34.0 million, up 101% or $17.1 million from the Comparative Quarter primarily due to an increase in non-rental revenue and sales revenue.

Year to Date 2021 vs 2020

Direct costs for the YTD were $162.2 million, up 127% or $90.7 million from the Prior YTD primarily due to increases in construction and transportation services, subleased equipment and new sales.

Gross profit for the YTD was $81.2 million, up 56% or $29.2 million from the Prior YTD primarily due to increased lodging margins and sales revenue.

Administrative Expenses

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Personnel Costs	**10.1**	4.7	115%	**25.2**	14.9	69%
Other Administrative Expenses	**3.4**	1.4	143%	**7.2**	5.3	36%
Occupancy and Insurance	**0.8**	1.1	(27)%	**2.3**	2.3	—%
Total Administrative expenses	**14.3**	7.2	99%	**34.7**	22.5	54%
% of Consolidated Revenue	**13%**	17%	(4)	**14%**	18%	(4)

Other administrative expenses include costs related to professional services, office administration and communication, bad debts, travel and accommodation.

Q3 2021 vs Q3 2020

Total administrative expenses for the Quarter were $14.3 million, up 99% or $7.1 million from the Comparative Quarter.

The various components of Black Diamond's total administrative expenses are broken out below:

- Personnel costs for the Quarter were $10.1 million, up 115% or $5.4 million from the Comparative Quarter primarily due to an increase in staffing levels, which include higher profit incentive expenses and the acquisition of Vanguard. This is combined with the Company's receipt of the Canadian Emergency Wage Subsidy ("CEWS") in an amount equal to $1.6 million in the third quarter of 2020 compared to nil in the Quarter.
- Other administrative expenses for the Quarter were $3.4 million, up 143% or $2.0 million from the Comparative Quarter primarily due to a $1.2 million increase in a provision for a customer dispute related to one project, professional fees, office expenses and employee travel and entertainment.
- Occupancy and insurance costs for the Quarter were $0.8 million, down 27% or $0.3 million from the Comparative Quarter due to decreased property taxes.

Year to Date 2021 vs 2020

Total administrative expenses for the YTD were $34.7 million, up 54% or $12.2 million from the Prior YTD.

The various components of Black Diamond's total administrative expenses are broken out below:

- Personnel costs for the YTD were $25.2 million, up 69% or $10.3 million from the Prior YTD primarily due to an increase in staffing levels, which include higher profit incentive expenses. This is combined with the receipt of CEWS of $2.9 million in 2020 compared to $0.4 million of CEWS received in the YTD.
- Other administrative expenses for the YTD were $7.2 million, up 36% or $1.9 million from the Prior YTD primarily due to a $1.2 million increase in a provision for a customer dispute related to one project, professional fees and advertising and promotions.
- Occupancy and insurance costs for the YTD were $2.3 million, flat with the Prior YTD.

Adjusted EBITDA

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Adjusted EBITDA [(1)]	**19.7**	9.8	101%	**46.5**	29.5	58%
% of Consolidated Revenue	**18%**	24%	(6)	**19%**	24%	(5)

(1) Adjusted EBITDA is a supplemental non-GAAP measurement and does not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Non-GAAP Financial Measures" for further details.

Adjusted EBITDA as a percentage of consolidated revenue will fluctuate from period to period depending on the proportion of rental revenue compared to ancillary revenue streams such as lodging services, used and custom manufactured fleet sales, installation, subleases and other services which generally yield a lower Adjusted EBITDA margin.

Q3 2021 vs Q3 2020

Adjusted EBITDA for the Quarter was $19.7 million, up 101% or $9.9 million from the Comparative Quarter primarily due to increased rental, non-rental and sales revenues, partially offset by higher personnel costs.

Year to Date 2021 vs 2020

Adjusted EBITDA for the YTD was $46.5 million, up 58% or $17.0 million from the Prior YTD primarily due to increased rental, non-rental and sales revenues, partially offset by higher personnel costs.

Depreciation and Amortization

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Depreciation and amortization, net of depreciation of right-of-use assets	**7.6**	7.0	9%	**21.1**	19.7	7%
% of Property and equipment	**2%**	2%	—	**5%**	6%	(1)
Depreciation of right-of-use assets	**1.8**	1.4	29%	**5.1**	4.3	19%

Q3 2021 vs Q3 2020

Depreciation and amortization for the Quarter was $7.6 million, up 9% or $0.6 million from the Comparative Quarter primarily due to an increase in modular space assets from the acquisition of Vanguard.

Depreciation of right-of-use assets was $1.8 million, up 29% or $0.4 million with the Comparative Quarter due to a larger leased real estate and equipment portfolio in the Quarter combined with extensions of existing real estate contracts.

Year to Date 2021 vs 2020

Depreciation and amortization for the YTD was $21.1 million, up 7% or $1.4 million from the Prior YTD primarily due to an increase in modular space assets from the acquisition of Vanguard.

Depreciation of right-of-use assets was $5.1 million, up 19% or $0.8 million from the Prior YTD due to a larger leased real estate and equipment portfolio in the YTD combined with extensions of previous real estate contracts.

Finance Costs

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Finance cost	**1.5**	1.2	25%	**4.4**	4.1	7%
Long-term debt	**164.6**	113.8	45%	**164.6**	113.8	45%
Average interest rate[1]	**2.20%**	2.11%	9 bps	**2.08%**	2.73%	-65 bps

(1) Average interest rates do not include lease interest.

Q3 2021 vs Q3 2020

Finance costs for the Quarter were $1.5 million, up 25% or $0.3 million from the Comparative Quarter primarily due to the higher interest expense and fees associated with the increased loan amount from the Vanguard acquisition.

Year to Date 2021 vs 2020

Finance costs for the YTD were $4.4 million, up 7% or $0.3 million from the Prior YTD due lower market interest rates charged on the ABL Facility and decrease in accretion expense on asset retirement obligation offset by increased borrowings on the ABL Facility and increased lease interest due to a larger lease portfolio.

Income Tax

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Deferred tax expense (recovery)	**1.7**	(0.2)	950%	**2.8**	(0.2)	1,500%
Total tax expense (recovery)	**1.7**	(0.2)	950%	**2.8**	(0.2)	1,500%

Q3 2021 vs Q3 2020

For the Quarter, Black Diamond recognized a deferred income tax expense of $1.7 million, a change of $1.9 million from the Comparative Quarter. The tax expense in the Quarter is reflective of earnings in the Quarter, which increased the deferred tax liabilities. The tax provision has been calculated at the enacted tax rate of 25% in Canada, 25% in the U.S., and 30% in Australia.

Year to Date 2021 vs 2020

For the YTD, Black Diamond recognized a deferred income tax expense of $2.8 million, a change of $3.0 million from the Prior YTD. The deferred tax expense YTD is reflective of a deferred tax expense related to YTD earnings offset by a true up adjustment related to a prior year acquisition, resulting in a net increase to the deferred tax liabilities. The tax provision has been calculated at the enacted tax rate of 25% in Canada, 25% in the U.S., and 30% in Australia.

Non-Controlling Interest

The non-controlling interests ("NCI") represent earnings attributable to the Fort Nelson First Nation's interest in the Black Diamond Dene Limited Partnership, the West Moberly First Nation's interest in the Black Diamond West Moberly Limited Partnership, the Beaver Lake Cree Nation's interest in the Black Diamond Nehiyawak Limited Partnership and the Whitecap Dakota First Nation's interest in Whitecap Black Diamond Limited Partnership.

In connection with the acquisition of Vanguard, the Company issued 867 preferred shares (the "Preferred Shares") of its wholly owned subsidiary BOXX Modular Holdings Inc. (the "Issuer") for gross proceeds of approximately US$8.7 million (C$11.3 million). The Preferred Shares have been accounted for as non-controlling interest within the consolidated financial statements of Black Diamond.

The Preferred Shares entitle the holders to a cumulative dividend of 7.0% per annum through to the end of the second year, increasing by 1.0% per annum thereafter. If the dividend is not paid in cash at least quarterly, the cumulative dividend will increase to 9.0% per annum through to the end of the third year and increasing by 1.0% per annum thereafter. The declaration and payment of dividends is at the sole discretion of the Issuer and are required to be settled in cash. The amount payable per share will equal the Original Issue price, plus any accrued but unpaid dividends.

The following table sets out earnings attributable to the Company’s NCIs:

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Non-controlling interest	**0.4**	0.3	33%	**1.0**	0.8	25%

Q3 2021 vs Q3 2020

The NCI for the Quarter was $0.4 million, up $0.1 million from the Comparative Quarter due to dividends paid to holders of Preferred Shares.

Year to Date 2021 vs 2020

The NCI for the YTD was $1.0 million, up $0.2 million from the Prior YTD due to dividends paid to holders of Preferred Shares. In the YTD, the Company recognized the redemption of 33 Preferred Shares for US $0.3 million (C$0.4 million).

Net Income

($ millions, except as noted)	Three months ended September 30, 2021	2020	Change	Nine months ended September 30, 2021	2020	Change
Net income (loss)	**5.7**	(0.7)	**914%**	**9.7**	(1.3)	846%

Q3 2021 vs Q3 2020

Net income for the Quarter was $5.7 million, an improvement of 914% or $6.4 million in the Comparative Quarter primarily due to increased revenue across all revenue streams, partially offset by higher personnel costs.

Year to Date 2021 vs 2020

Net income for the YTD was $9.7 million, an improvement of 846% or $11.0 million from the Prior YTD primarily due to increased revenues across all revenue streams, partially offset by higher personnel costs.

SEGMENTED REVIEW OF FINANCIAL PERFORMANCE

The Company's senior management evaluates segment performance based on a variety of financial measures including revenue, profit, operating expenses and Adjusted EBITDA.

The following is a summary of the Company's segmented results for the three and nine months ended September 30, 2021 and 2020, detailing revenues and Adjusted EBITDA by each of the Company's business units.

Segmented Revenue

Revenues presented by segment in the tables below exclude inter-segment revenue.

	Three months ended September 30,			Nine months ended September 30,		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
(in millions, except where noted)	**$**	**$**	**%**	**$**	**$**	**%**
Revenue						
Modular Space Solutions	**50.2**	23.9	110%	**122.6**	62.3	97%
Workforce Solutions	**58.6**	17.3	239%	**120.8**	61.2	97%
Total Revenue	**108.8**	41.2	164%	**243.4**	123.5	97%

Segmented Adjusted EBITDA

Adjusted EBITDA by segment excludes finance costs, tax expense, depreciation, amortization, accretion, foreign exchange gains or losses, stock-based compensation, acquisition costs, non-controlling interests, write-down of property and equipment, impairment of goodwill, restructuring costs, and gains or losses on the sale of non-fleet assets in the normal course of business.

	Three months ended September 30,			Nine months ended September 30,		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
(in millions, except where noted)	**$**	**$**	**%**	**$**	**$**	**%**
Adjusted EBITDA (1)						
Modular Space Solutions	**12.5**	7.8	60%	**33.6**	19.4	73%
Workforce Solutions	**12.6**	4.5	180%	**24.9**	17.9	39%
Corporate and Other	**(5.4)**	(2.5)	(116)%	**(12.0)**	(7.8)	(54)%
Total Adjusted EBITDA	**19.7**	9.8	101%	**46.5**	29.5	58%

(1) Adjusted EBITDA is a supplemental non-GAAP measurement and does not have a standardized meaning prescribed by IFRS. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Non-GAAP Financial Measures" for further details.

MODULAR SPACE SOLUTIONS BUSINESS UNIT

MSS has been building a network of branches in key geographic areas across North America where we can provide modular buildings, either for rent, or as a permanent solution through custom sales or used fleet sales. Products include mobile office units, large multi-unit office complexes, classroom facilities, lavatories, storage units, health care facilities, high security modular buildings, custom manufactured modular facilities and blast resistant structures. We provide delivery, installation, and dismantlement of these modules as support to the primary rental or sales equipment.

MSS provides ancillary products and services that are complementary to our modular buildings and gives the customer a packaged solution that enhances their productivity and allows for immediate use. These Value Added Products and Services ("VAPS") include rental of furniture, steps and landings, appliances, as well as maintenance programs, utility services, disaster recovery programs, subleased equipment and more.

Our customers operate in the education, construction, real estate development, manufacturing, health care, financial, government and defense industries. As a result of this diversity in the customer and geographic end markets, the MSS business unit generates steady cash flows from its recurring rental revenue.

Revenue

There are three revenue streams to which these assets contribute.

1. **Rental**: Black Diamond's MSS segment provides assets to customers on a rental basis. Rental durations typically exceed the initial contract terms and are renewable on a month to month basis. Rental often includes VAPS when the non-fleet equipment is owned by Black Diamond.

2. **Sales**: The MSS segment complements its core, recurring rental revenue business with product sales. This sales activity is an extension of the asset rental business as many customers have long term or permanent projects where it may be more cost-effective to purchase rather than rent.

   There are two categories of assets sales:
   - Custom sales which involves the purchase of new units to customer specifications from our broad network of third-party manufacturers. Black Diamond will provide project management services including design work, procurement, installation, delivery, and other associated services. We do not purchase new custom units for resale unless we have already obtained a commitment from the customer.

   - Used fleet sales have typically been both a profitable and cost-effective method to finance the replenishment or upgrade of the rental fleet while generating free cash flow.

3. **Non-rental**: Non-rental revenue is derived from a number of services that are typically associated with the rental or sale of the Company's modular space assets, including the delivery, installation, pickup, dismantling of assets, and sublease equipment. The Company provides these services to customers for an additional fee beyond the rental and sales costs. Also included are VAPS that are provided to our customers where we are performing a service or supplying equipment that is not owned by Black Diamond.

Financial Highlights

Rental revenue for MSS is directly proportional to the number of rental fleet units, the utilization rate of the fleet and the realized rental rate. Rental rates will vary between projects and periods due to the complexity of the fleet unit types available, asset configuration, quantity, project location and contract duration.

Due to the diversity of our locations and customers we contract with, the rental revenue in MSS is predictable and experiences consistent margins. Non-rental and sales revenue, on the other hand, can fluctuate with less consistent margins. The realized margins on non-rental and sales revenues are lower than margins for rental revenues due to the operating costs associated with non-rental revenue. As a result, changes in the mix between rental, non-rental and sales revenue, and the general variability in Non-rental and sales revenue margins, can lead to fluctuations in Adjusted EBITDA margin between periods.

	Three months ended September 30,			Nine months ended September 30,		
Revenue by Stream ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Rental revenue	**15.3**	9.9	55%	**43.9**	27.9	57%
Sales revenue	**14.1**	4.1	244%	**36.9**	10.7	245%
Non-rental revenue	**20.8**	9.9	110%	**41.8**	23.7	76%
Total revenue	**50.2**	23.9	110%	**122.6**	62.3	97%
Adjusted EBITDA	**12.5**	7.8	60%	**33.6**	19.4	73%
Adjusted EBITDA as a % of revenue	**25%**	33%	(8)	**27%**	31%	(4)
Return on Assets (1)	**22%**	17%	5	**19%**	15%	4

(1) Calculated as annualized Adjusted EBITDA divided by average net book value. See "Non-GAAP Financial Measures".

	Three months ended September 30,			Nine months ended September 30,		
Value Added Products & Services	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
VAPS as a % of Total Rental Revenue	**11%**	17%	(6)	**11%**	16%	(5)

	Three months ended September 30,			Nine months ended September 30,		
Revenue by Geography ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Canada	**15.6**	12.3	27%	**42.9**	34.8	23%
United States	**34.6**	11.6	198%	**79.7**	27.5	190%
Total revenue	**50.2**	23.9	110%	**122.6**	62.3	97%

Q3 2021 vs Q3 2020

The MSS business unit's total revenue for the Quarter was $50.2 million, up 110% or $26.3 million from the Comparative Quarter.

- **Rental revenue** during the Quarter was $15.3 million, up 55% or $5.4 million from the Comparative Quarter due to the acquisition of Vanguard and a larger fleet, along with higher rental rates.
- **Sales revenue** during the Quarter was $14.1 million, up 244% or $10.0 million from the Comparative Quarter primarily due to the custom sales generated by Vanguard.
- **Non-rental revenue** during the Quarter was $20.8 million, up 110% or $10.9 million from the Comparative Quarter primarily due to higher rental and sales activity.

VAPS as a percentage of Total Rental Revenue during the quarter was 11%, down six percentage points from the Comparative Quarter due to the addition of Vanguard, which historically did not have a significant focus on VAPS. Without the impact of Vanguard, VAPS as a percentage of Total Rental Revenue decreased by two percentage points.

Adjusted EBITDA for the Quarter of $12.5 million is up 60% or $4.7 million from the Comparative Quarter. This was primarily due to significant revenue increases in all three revenue categories. Adjusted EBITDA as a percentage of revenue decreased eight percentage points to 25% as compared to the Comparative Quarter primarily due to a change in revenue mix, with a higher proportion of sales and non-rental revenue in the Quarter, which generate lower margins compared to rental revenue. EBITDA margins were also lower due to a $1.2 million provision for a customer dispute related to one project.

Return on Assets ("ROA") for the Quarter was 22%, an increase of five percentage points from 17% in the Comparative Quarter.

Year to Date 2021 vs 2020

The MSS business unit's total revenue for the YTD was $122.6 million, up 97% or $60.3 million from the Prior YTD.

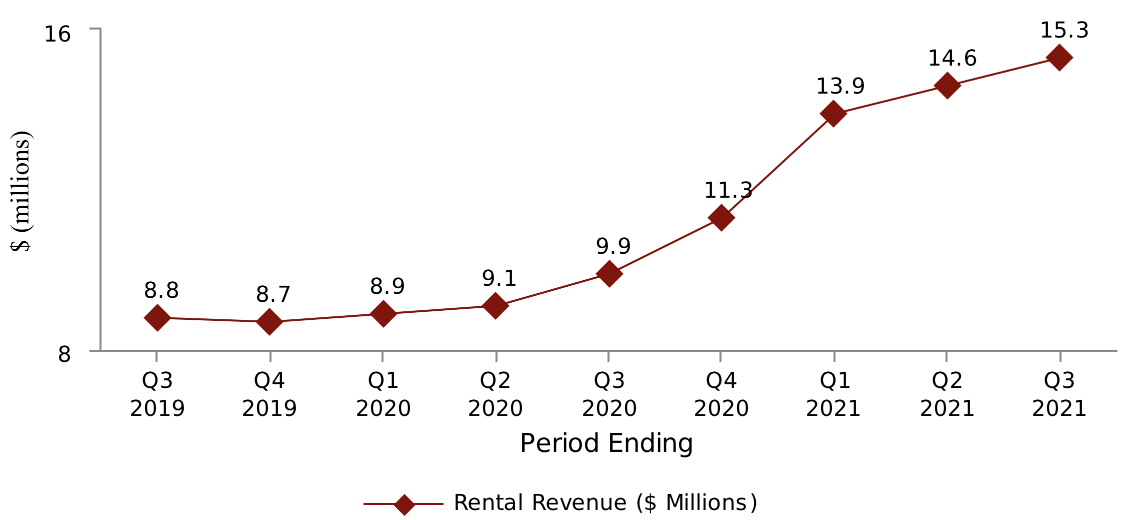
- **Rental revenue** for the YTD was $43.9 million, up 57% or $16.0 million from the Prior YTD due to the acquisition of Vanguard and a larger fleet, along with higher rental rates.
- **Sales revenue** for the YTD was $36.9 million, up 245% or $26.2 million from the Prior YTD due to an increase in custom and used sales.
- **Non-rental revenue** for the YTD was $41.8 million, up 76% or $18.1 million from the Prior YTD primarily due to higher rental and sales activity.

Adjusted EBITDA for the YTD was $33.6 million, up 73% or $14.2 million from the Prior YTD. This increase was primarily due to significant revenue increases in all of the three revenue categories set out above. Adjusted EBITDA as a percentage of revenue decreased four percentage points to 27% as compared to the Prior YTD. This was primarily due to a change in revenue mix, with a higher contribution from sales, which generally yield lower margins. EBITDA margins were also lower due to a $1.2 million provision for a customer dispute related to one project.

YTD ROA increased to 19% from 15% due primarily to increasing rental rates and utilization across the platform.

Rental Revenue

Rental revenue for the Quarter continued the positive growth trend over the last two years (32% compound annual growth rate from Q3 2019 to Q3 2021).



Rental Term

Rental durations typically exceed the initial contract terms and are renewable on a month-to-month basis. The average duration of the MSS lease portfolio was 41.7 months as at September 30, 2021, an increase of 15.2 months from 26.5 months as at September 30, 2020. The increase is mainly driven by the addition of Vanguard rental units and contracts, which tend to be longer term in nature.

Contracted Rental Revenue

Contracted Rental Revenue For Assets On Rent as September 30, 2021 was $53.3 million, an increase of $35.1 million or 193% from $18.2 million as at September 30, 2020.

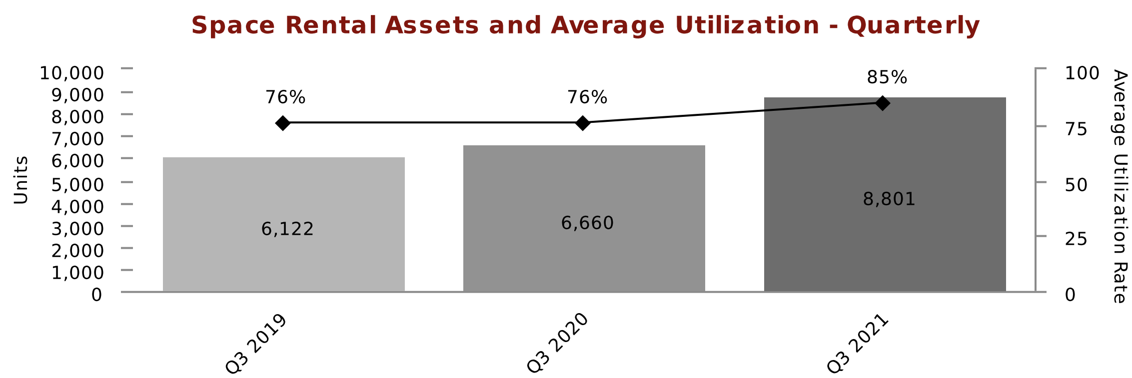
Space Rental Assets and Average Utilization

The MSS fleet consisted of 8,801 units as at September 30, 2021, which increased 2,141 from 6,660 units as at September 30, 2020. This was due to the addition of 2,656 new units, of which 2,196 from Vanguard and 460 were additions. This was partially offset by the sale of 515 units.

MSS Consolidated

	Three months ended September 30,			Nine months ended September 30,		
MSS Assets, Utilization, and Rates	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Property and Equipment Net Book Value ($ millions) (1)	**242.8**	170.8	42%	**242.8**	170.8	42%
Modular Space Assets	**8,801**	6,660	32%	**8,801**	6,660	32%
Average Utilization (2)	**85%**	76%	9	**83%**	74%	9
Average Monthly Rental Rate	**$681**	$643	6%	**$665**	$636	5%

(1) Net book value of property and equipment is influenced by changes in foreign exchange rates.
(2) Calculated as the net book value of fleet assets on rent, divided by the net book value of total fleet assets.



Q3 2021 vs Q3 2020

Utilization for the Quarter was 85%, a nine percentage point increase from 76% in the Comparative Quarter, primarily due to increased activity within all regions with a strategic focus on mid-life unit refurbishments and selective disposals of older units.

The average rental rate has improved as compared to the Comparative Quarter by 6%, due to higher rates across all regions. On a constant currency basis, average rental rates increased 9% versus the Comparative Quarter.

Year to Date 2021 vs 2020

Utilization for the YTD was 83%, a nine percentage point increase from 74% in comparison with the Prior YTD, primarily due to increased activity within all regions along with a strategic focus on mid-life unit refurbishments and selective disposals of older units.

The average rental rate has improved as compared to the Prior YTD by 5%, due to higher rates across all regions. On a constant currency basis, average rental rates increased 9% versus the Prior YTD.

WORKFORCE SOLUTIONS BUSINESS UNIT

The WFS business unit provides workforce housing solutions including rental of accommodations and surface equipment, provision of full turnkey lodging and provision of travel management logistics through LodgeLink. WFS operates in Canada, the U.S. and Australia.

The primary service offerings in WFS are asset rental, lodging and travel management logistics. To support the core rental business, WFS also offers associated services such as installation, transportation and dismantle, and the sale of used fleet assets.

The assets included in the rental business are:

Workforce housing accommodations: the rental fleet includes modular accommodation structures that are assembled into large scale camps in a variety of dormitory configurations with kitchen/diner complexes, recreation facilities and single unit or multi-unit complexes. These assets are often necessary for operations related to infrastructure and large-scale construction projects, oil and gas, mining, disaster recovery, government, and other industries. These accommodations typically house workforces in remote locations where local accommodation infrastructure is either insufficient or non-existent.

Surface equipment and other ancillary rental equipment: various types of equipment that support drilling, completion and production activities, rented to customers, typically in the oil and gas, construction, disaster recovery, government, and other industries.

The lodging business provides workforce housing accommodations assets installed as lodges in strategic locations on land leases held by Black Diamond earning lodging revenue. WFS currently operates two lodges in British Columbia (Sunset Prairie Lodge and Little Prairie Lodge) and one in Alberta (Smoky River Lodge). The assets at these lodges are modular accommodations structures and are interchangeable with assets in the Workforce housing accommodations fleet. The Company will move assets between the two businesses as demand dictates.

LodgeLink is a digital marketplace and ecosystem that enables customers to efficiently find, book, and manage their crew travel and accommodation needs through a rapidly growing network of hotel, remote lodge, and travel partners. The LodgeLink digital platform was created to solve and address the unique challenges associated with crew travel with a goal to remove inefficiencies at every step of the crew travel process from booking, to management, to payments. LodgeLink's vision is to be THE ecosystem for workforce travel, while applying innovative technology to transform the crew travel process.

Revenue

There are four revenue streams to which these assets contribute:

1. **Rental:** WFS provides assets to customers on a rental basis. Rental contracts may be month to month or a term longer than a month for accommodation fleet assets and based on day rates for surface rental fleet assets. The rates quoted for a rental of workforce housing accommodation assets are typically monthly and wellsite accommodations and surface equipment are typically quoted as a day rate.

2. **Lodging:** Workforce housing accommodations assets, typically generate revenue from the provision of full turnkey lodging services to our customers. Lodging revenue is earned both at the Company's open lodges and at turnkey sites where the Company is providing accommodation assets and additional management or catering services. Lodging revenue is earned on a day rate or days occupied basis.

3. **Sales:** WFS sells new and used workforce accommodations, wellsite accommodations and surface equipment assets.

4. **Non-Rental:** WFS provides complete installation, delivery and maintenance services and catering services or subleased equipment. Installation and delivery of assets is typically associated with rental contracts or sales of new and used fleet, contracted on a lump sum basis. Catering contracts or sublease contracts are typically associated with a rental contract of workforce accommodations assets or wellsite accommodations assets. Also included in non-rental revenue is the revenue earned on bookings at third party lodges through LodgeLink.

Financial Highlights

The following is a summary of the key metrics used by management to assess performance. Revenue, Adjusted EBITDA and ROA are key financial measures which fluctuate in direct proportion to utilization, occupancy and rates.

	Three months ended September 30,			Nine months ended September 30,		
Revenue by Stream ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Rental revenue	**10.7**	6.0	78%	**26.8**	19.5	37%
Lodging revenue	**9.4**	3.9	141%	**21.3**	10.2	109%
Sales revenue	**1.0**	0.8	25%	**8.5**	5.0	70%
Non-rental revenue	**37.5**	6.6	468%	**64.2**	26.5	142%
Total revenue	**58.6**	17.3	239%	**120.8**	61.2	97%

	Three months ended September 30,			Nine months ended September 30,		
Revenue by Geography ($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Canada	**28.9**	13.4	116%	**70.0**	36.8	90%
United States	**20.8**	0.5	4,060%	**28.0**	14.0	100%
Australia	**8.9**	3.4	162%	**22.8**	10.4	119%
Total revenue	**58.6**	17.3	239%	**120.8**	61.2	97%
Adjusted EBITDA	**12.6**	4.5	180%	**24.9**	17.9	39%
Adjusted EBITDA as a % of revenue	**22%**	26%	(4)	**21%**	29%	(8)
Return on Assets (1)	**34%**	11%	23	**22%**	15%	7

(1) Calculated as annualized Adjusted EBITDA divided by average net book value. See "Non-GAAP Financial Measures".

Q3 2021 vs Q3 2020

Adjusted EBITDA for the Quarter was $12.6 million, an increase of 180% or $8.1 million compared to the Comparative Quarter due to higher consolidated revenue. Adjusted EBITDA as a percentage of revenue was 22%, a decrease of four percentage points from the Comparative Quarter due to higher proportion of non-rental revenue which generates lower margin than rental revenue in the Quarter.

Year to Date 2021 vs 2020

Adjusted EBITDA for the YTD was $24.9 million, which increased 39% or $7.0 million compared to the Prior YTD, primarily due to higher consolidated revenue. Adjusted EBITDA as a percentage of revenue was 21%, a decrease of eight percentage points from the Prior YTD due to a stronger margin contribution from a significant project in the U.S. in the Prior YTD as well as a higher proportion of non-rental revenue which generates lower margin than rental revenue in the YTD.

Rental

The following are key metrics used to measure and report on performance of WFS assets. Average asset utilization for the Quarter is calculated by dividing the net book value of assets on rent by the total net book value of the assets.

	Three months ended September 30,			Nine months ended September 30,		
Average Asset Utilization	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Workforce Housing Accommodations: Rental Fleet & Turnkey Lodges (1)	**57%**	30%	27	**50%**	36%	14
Surface Equipment and other ancillary rental equipment	**24%**	34%	(10)	**23%**	36%	(13)

(1) Wellsite Accommodations that were previously disclosed separately are now consolidated with Workforce Housing Accommodations.

	As at September 30,		
Fleet Count (Units)	**2021**	**2020**	**Change**
Workforce Housing Accommodations: Rental Fleet & Turnkey Lodges (1)	**3,925**	3,946	(1)%
Workforce Housing Accommodations: Open Lodges	**474**	574	(17)%
Surface Equipment and other ancillary rental equipment	**2,805**	3,008	(7)%

(1) Wellsite Accommodations that were previously disclosed separately are now consolidated with Workforce Housing Accommodations.

Consolidated Room Count by Geography			
Canada	**9,692**	9,999	(3)%
United States	**1,577**	1,878	(16)%
Australia	**1,164**	1,180	(1)%
	12,433	13,057	(5)%

Net Book Value by Geography ($ millions)			
Canada	**98.5**	108.9	(10)%
United States	**32.1**	36.2	(11)%
Australia	**14.4**	15.0	(4)%
	145.0	160.1	(9)%

Contracted Rental Revenue

At September 30, 2021, Contracted Rental Revenue From Contracts In Place was $26.3 million, an increase of $11.0 million or 72% from $15.3 million as at September 30, 2020.

Q3 2021 vs Q3 2020

Rental revenue during the Quarter was $10.7 million, up 78% or $4.7 million from the Comparative Quarter due to increased utilization across all regions, particularly in Western Canada.

Year to Date 2021 vs 2020

Rental revenue for the YTD was $26.8 million, up 37% or $7.3 million from the Prior YTD due to increased utilization across all regions, particularly within Canada.

Lodging

Q3 2021 vs Q3 2020

Lodging revenue during the Quarter was $9.4 million, up 141% or $5.5 million from the Comparative Quarter primarily due to increased occupancy at turnkey lodges.

Year to Date 2021 vs 2020

Lodging revenue during the YTD was $21.3 million, up 109% or $11.1 million from the Prior YTD due to increased occupancy at turnkey lodges.

Sales and Non-Rental

Sales revenue and non-rental revenue are generally not driven by market indicators and are variable in terms of timing and margins.

Q3 2021 vs Q3 2020

Sales revenue during the Quarter was $1.0 million, up $0.2 million from the Comparative Quarter due to increased fleet sales in Canada.

Non-rental revenue during the Quarter was $37.5 million, up 468% or $30.9 million from the Comparative Quarter due to increased activities in the Quarter in both North America and Australia.

Year to Date 2021 vs 2020

Sales revenue for the YTD was $8.5 million, up 70% or $3.5 million from the Prior YTD due to higher used fleet sales in Canada, partially offset by fleet sales in the U.S. and Australia during the Prior YTD.

Non-rental revenue for the YTD was $64.2 million, up 142% or $37.7 million from the Prior YTD due to increased activities in the YTD in both North America and Australia.

LodgeLink

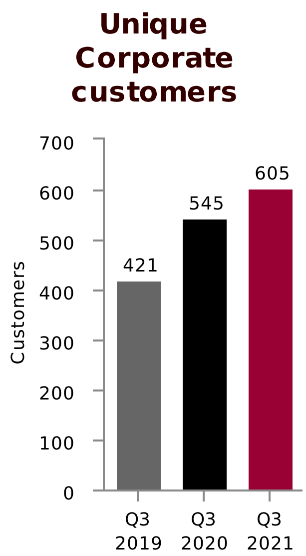
LodgeLink revenue generated from bookings is typically based on a variable margin over the cost of the room or transportation. When the room is booked in a third-party hotel or lodge the revenue is categorized as non-rental revenue (revenue from bookings at Black Diamond owned lodges is categorized as lodging revenue).

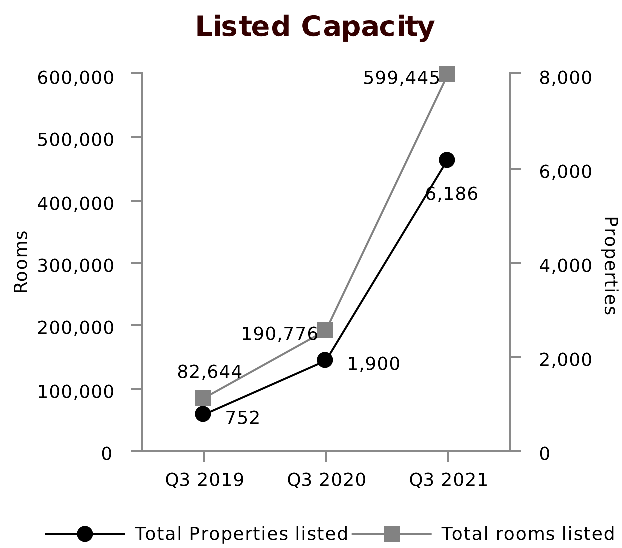
	Three months ended September 30,			Nine months ended September 30,		
LodgeLink [1]	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Total gross bookings ($ millions)	**10.1**	5.1	98%	**25.3**	11.4	122%
Total room nights booked	**60,398**	32,318	87%	**152,484**	64,322	137%

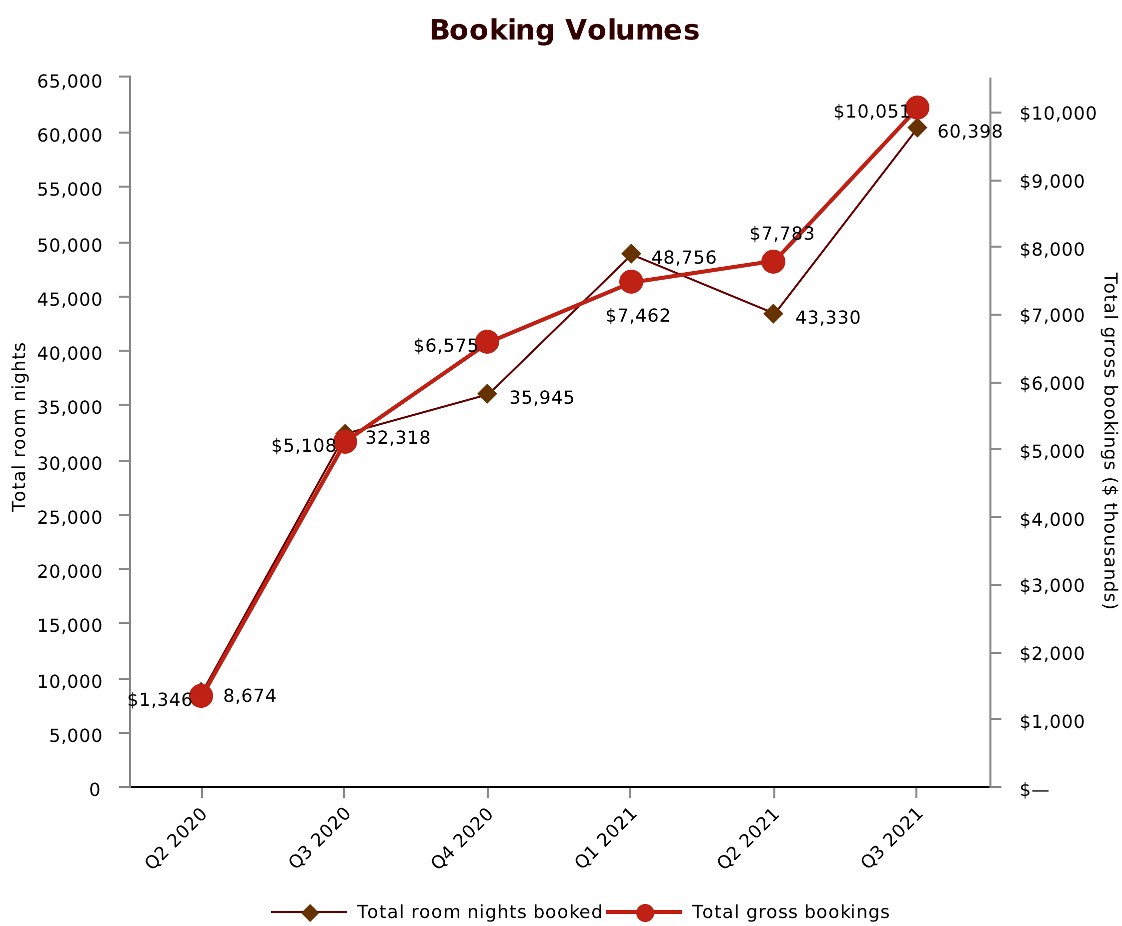
(1) Total gross bookings and total rooms listed include both Black Diamond owned assets and third party properties.

Record booking volumes were achieved in the Quarter for total room nights, increasing 39% over Prior Quarter. Total room nights booked in the Quarter increased 87% from the Comparative Quarter and represents greater than 60% of total room nights booked in twelve months of 2020.

Total gross bookings for LodgeLink grew 98% from the Comparative Quarter. The gross bookings achieved in the Quarter reflect ongoing growth in the U.S., where gross bookings grew 260% over the Comparative Quarter. YTD U.S. gross bookings grew 407% over Prior YTD, driven by a 329% increase in the number of US properties receiving bookings in the YTD.


Unique Corporate customers
Customers
700
600
500
400
300
200
100
0
421
545
605
Q3 2019
Q3 2020
Q3 2021


Listed Capacity
Rooms
600,000
500,000
400,000
300,000
200,000
100,000
0
Properties
8,000
6,000
4,000
2,000
0
599,445
6,186
190,776
1,900
82,644
752
Q3 2019
Q3 2020
Q3 2021
Total Properties listed
Total rooms listed


Booking Volumes
Total room nights
65,000
60,000
55,000
50,000
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
Total gross bookings ($ thousands)
$10,000
$9,000
$8,000
$7,000
$6,000
$5,000
$4,000
$3,000
$2,000
$1,000
$—
$1,346
8,674
$5,108
32,318
$6,575
35,945
$7,462
48,756
$7,783
43,330
$10,051
60,398
Q2 2020
Q3 2020
Q4 2020
Q1 2021
Q2 2021
Q3 2021
Total room nights booked
Total gross bookings

CORPORATE AND OTHER BUSINESS UNIT

The Corporate and Other business unit includes costs related to administrative activities that support all business units. The administrative support functions include activities of the executive office, finance, human resources, health and safety, legal and information technology. Included in the Corporate and Other business unit are non-material revenues that are not significant enough to report on their own.

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2021**	**2020**	**Change**	**2021**	**2020**	**Change**
Property and Equipment Net Book Value	**16.8**	16.5	2%	**16.8**	16.5	2%
Adjusted EBITDA	**(5.4)**	(2.5)	(116)%	**(12.0)**	(7.8)	(54)%

Q3 2021 vs Q3 2020

Adjusted EBITDA for the Quarter was negative $5.4 million, a decrease of 116% or $2.9 million, from $2.5 million in the Comparative Quarter, primarily due to increased personnel costs, which include higher profit incentive expenses, office expenses and professional fees, partially offset by decreased property taxes.

Year to Date 2021 vs 2020

Adjusted EBITDA for the YTD was a loss of $12.0 million, compared to a loss of $7.8 million in the Prior YTD due to an increase in personnel costs, which include higher profit incentive expenses, and insurance expenses.

LIQUIDITY AND CAPITAL RESOURCES

Cash Requirements

Capital Expenditures

Black Diamond's capital expenditures relate primarily to:

- MSS - space rental structures and ancillary equipment;
- WFS - workforce accommodation structures, ancillary equipment, surface rental equipment, space rental structures in Australia, and LodgeLink development costs; and
- Corporate and Other - land, leasehold improvements, computers, furniture and service related equipment.

For the Quarter, Black Diamond expended $12.0 million (Comparative Quarter – $8.7 million) on additions to property and equipment and intangible assets. The additions are set out in the table below.

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2021**	**2020**	**Change %**	**2021**	**2020**	**Change %**
Modular Space Solutions	**9.9**	6.4	55%	**18.9**	23.1	(18)%
Workforce Solutions	**1.4**	2.0	(30)%	**5.9**	6.6	(11)%
Corporate and Other	**0.7**	0.3	133%	**1.0**	1.2	(17)%
	12.0	8.7	38%	**25.8**	30.9	(17)%

Sources and Uses of Cash

Cash flows from operating, investing and financing activities, as reflected in the Unaudited Consolidated Statement of Cash Flows, are summarized in the following table:

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2021**	**2020**	**Change %**	**2021**	**2020**	**Change %**
Cash from operating activities	**17.5**	10.8	62%	**50.7**	35.4	43%
Cash from (used in) investing activities	**(12.3)**	(9.5)	29%	**(27.9)**	(38.0)	(27)%
Cash from (used in) financing activities	**(3.5)**	(2.2)	(59)%	**(21.2)**	0.7	(3,129)%
Total cash (decrease) increase	**1.7**	(0.9)	289%	**1.6**	(1.9)	184%

Liquidity needs can be met through a variety of sources, depending on specific circumstances, including: available cash, cash generated from operations, drawdowns under the ABL Facility and the issuance of new equity or debt. Black Diamond's primary use of funds are operational expenses, sustaining and opportunity capital spending, and interest, taxes and principal debt repayments.

Cash provided by operating activities was $6.7 million higher in the Quarter than in the Comparative Quarter. The increase in the Quarter is primarily due to an increase in net income, higher used fleet sales, and lower asset retirement obligation revisions and settlements.

Cash used in investing activities was $2.8 million higher in the Quarter than in the Comparative Quarter. The increase in the Quarter is the result of more capital expenditures and intangible asset additions.

The Company had lower cash from financing activities of $1.3 million in the Quarter primarily due to a repayment of long-term debt.

Working Capital

The following table presents summarized working capital information:

($ millions, except as noted)	September 30, 2021	December 31, 2020	Change %
Current assets	**98.6**	57.5	71%
Current liabilities	**86.0**	50.8	69%
Working capital	**12.6**	6.7	88%

The increase in current assets of $41.1 million from December 31, 2020 was due to an increase in accounts receivable of $35.3 million, an increase in other assets of $4.4 million, and an increase in cash of $1.4 million.

The increase in current liabilities of $35.2 million from December 31, 2020 was due to a increase of $18.5 million in accounts payable, a $14.7 million increase in deferred revenue, and a $2.0 million increase in current lease liabilities.

Contractual Obligations and Other Commitments

At September 30, 2021, Black Diamond had capital expenditure commitments in the amount of $14.3 million. Additionally, Black Diamond has a commitment of $7.7 million related to the Company's office and yard leases, which have varying terms over the next ten years. It is management's intention to meet the funding requirements for these commitments through internally generated cash flow.

Principal Debt Instruments

Effective November 30, 2020, the Company reached an agreement with its lenders to amend its ABL Facility increasing the maximum revolving line to $300 million.

The borrowing base, or available amount at any given time under the ABL Facility is based on 85 - 90% of the Net Orderly Liquidation Value of eligible rental fleet and qualified receivables, up to $300.0 million.

For the three months ended September 30, 2021, the average interest rate on outstanding debt was 2.20% (2020 - 2.11%). For the nine months ended September 30, 2021, the average interest rate on outstanding debt was 2.08% (2020 - 2.73%).

The Company uses debt to finance its business activities. Management believes that Black Diamond has the liquidity, barring any unforeseen circumstances, to continue to operate through the foreseeable future, and pursue its planned business objectives.

Management believes that the ongoing management of cash generated from operations will be sufficient to allow it to meet ongoing requirements for working capital, repayment of ABL Facility, maintenance costs, administrative expenses, and interest costs. Black Diamond's cash generated from operations will be dependent upon future financial performance, which in turn will be subject to financial, business and other risk factors, including factors beyond Black Diamond's control. Management also believes that, dependent on capital market conditions, Black Diamond has room under its existing credit facilities and believes it has the ability to raise equity if required.

The Company is committed to maintaining a strong balance sheet and flexible capital structure.

The Company entered into an interest rate swap agreement with each of the Bank of Nova Scotia and Bank of Montreal for $15.0 million. The aggregate $30.0 million swap will hedge against the $30.0 million Bankers Acceptance of our Canadian debt. The effective date of the agreement is April 29, 2021 with a termination date of October 29, 2023. At as September 30, 2021, the risk management liability was less than $0.1 million.

Debt Covenants

In accordance with the terms of the ABL Facility, the Company is required to maintain a Fixed Charge Coverage Ratio ("FCCR") of 1.1 to 1; however, this covenant is only tested in certain instances, principally when draws under the ABL Facility exceed 90% of the borrowing base. As at September 30, 2021, the Company's draws under the ABL Facility amounted to $165.1 million (refer to consolidated financial statements), which represents 60% of the borrowing base of $275.8 million, therefore the FCCR covenant was not applicable.

As at September 30, 2021, Black Diamond was in compliance with all debt covenants.

Share Capital

At September 30, 2021, Black Diamond had 57.8 million (December 31, 2020 - 56.7 million) common shares outstanding, net of 1.3 million (December 31, 2020 - 1.6 million) held in trust to settle equity based compensation plans. In addition, at September 30, 2021, Black Diamond had 5.0 million (December 31, 2020 - 5.3 million) common shares reserved for issuance pursuant to the exercise of options and restricted share units which have been granted pursuant to Black Diamond's share option plan and restricted and performance incentive award plan.

The following table summarizes Black Diamond's equity capitalization as at November 2, 2021 (in thousands):

Common shares	57,846
Stock options	4,239
Restricted and performance share units	784

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are likely to have, a material current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity or capital expenses.

Contingent Liabilities

The Company has entered into indemnity agreements with its directors and officers whereby the Company indemnifies the directors and officers from all personal liability and loss that may arise in service to the Company.

The following table summarizes Black Diamond's total contractual obligations as at September 30, 2021:

		Payments due by period		
($ millions, except as noted)	**Total**	**Less than 1 year**	**1 - 5 years**	**After 5 years**
Long-term debt [(1)]	165.1	—	165.1	—
Lease obligations	29.6	7.8	21.0	0.8
Commitments	7.7	1.6	5.9	0.2
Purchase obligations	14.3	14.3	—	—
Total contractual obligations	**216.7**	**23.7**	**192.0**	**1.0**

(1) Excludes of Costs associated with issue and restructuring of facilities.

FINANCIAL INSTRUMENTS

All of Black Diamond's financial instruments as at September 30, 2021 relate to standard working capital accounts and credit facility items.

Black Diamond is subject to both cash flow and interest rate risk on its long-term debt facilities. The required cash flow to service the Company's long-term debt facilities will fluctuate as a result of changes in market rates.

NON-GAAP FINANCIAL MEASURES

The consolidated financial statements have been prepared in accordance with IFRS. Certain supplementary information and measures not recognized under IFRS are provided where management believes they assist the reader in understanding Black Diamond's results. Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers for these non-GAAP measures. These measures include:

Adjusted EBITDA is not a measure recognized under IFRS and does not have standardized meanings prescribed by IFRS. Adjusted EBITDA refers to consolidated earnings before finance costs, tax expense, depreciation, amortization, accretion, foreign exchange, stock-based compensation, acquisition costs, non-controlling interests, share of gains or losses of an associate, write-down of property and equipment, impairment, restructuring costs, and gains or losses on the sale of non-fleet assets in the normal course of business.

Black Diamond uses Adjusted EBITDA primarily as a measure of operating performance. Management believes that operating performance, as determined by Adjusted EBITDA, is meaningful because it presents the performance of the Company's operations on a basis which excludes the impact of certain non-cash items as well as how the operations have been financed. In addition, management presents Adjusted EBITDA because it considers it to be an important supplemental measure of the Company's performance and believes this measure is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in industries with similar capital structures.

Adjusted EBITDA has limitations as an analytical tool, and readers should not consider this item in isolation, or as a substitute for an analysis of the Company's results as reported under IFRS. Some of the limitations of Adjusted EBITDA are:

- Adjusted EBITDA excludes certain income tax payments and recoveries that may represent a reduction or increase in cash available to the Company;

- Adjusted EBITDA does not reflect the Company's cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, the Company’s working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest payments on the Company's debt;
- depreciation and amortization are non-cash charges, thus the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- other companies in the industry may calculate Adjusted EBITDA differently than the Company does, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of the Company's business. The Company compensates for these limitations by relying primarily on the Company's IFRS results and using Adjusted EBITDA only on a supplementary basis.

Reconciliation of Consolidated Profit to Adjusted EBITDA:

($ millions, except as noted)	Three months ended September 30, 2021	2020	Change %	Nine months ended September 30, 2021	2020	Change %
Profit (loss)	**5.7**	(0.7)	914%	**9.7**	(1.3)	846%
Add:						
Depreciation and amortization	**9.4**	8.4	12%	**26.2**	24.0	9%
Finance costs	**1.5**	1.2	25%	**4.4**	4.1	7%
Share-based compensation	**1.0**	0.8	25%	**2.4**	2.1	14%
Non-controlling interest	**0.4**	0.3	33%	**1.0**	0.8	25%
Deferred income taxes	**1.7**	(0.2)	950%	**2.8**	(0.2)	1,500%
Adjusted EBITDA	**19.7**	9.8	101%	**46.5**	29.5	58%

Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by the revenue for the period.

Adjusted EBIT is Adjusted EBITDA less depreciation and amortization.

Contracted Rental Revenue For Assets On Rent is calculated as total value of rental revenue yet to be recognized in the future related to performance obligations unsatisfied at the reporting date. Assets on rent is explained where the rental period of the assets has started on or before the reporting period.

Contracted Rental Revenue For Contracts In Place is calculated as total value of rental revenue yet to be recognized in the future related to performance obligations unsatisfied at the reporting date. Commencement date of the contracts in place include on or before the reporting period or in some instances future reporting periods.

Funds from Operations is calculated as the cash flow from operating activities excluding the changes in non-cash working capital. Management believes that Funds from Operations is a useful measure as it provides an indication of the funds generated by the operations before working capital adjustments. Changes in long-term accounts receivables and non-cash working capital items have been excluded as such changes are financed using the operating line of Black Diamond's credit facilities.

Reconciliation of Cash Flow from Operating Activities to Funds from Operations:

	Three months ended September 30,			Nine months ended September 30,		
($ millions, except as noted)	**2021**	2020	Change	**2021**	2020	Change
Cash Flow from Operating Activities	**17.5**	10.8	62%	**50.7**	35.4	43%
Add/(Deduct):						
Change in long-term accounts receivable	**0.1**	—	—%	**(0.5)**	—	—%
Changes in non-cash operating working capital	**5.8**	(2.2)	364%	**4.8**	(5.0)	196%
Funds from Operations	**23.4**	8.6	172%	**55.0**	30.4	81%

Gross Profit Margin is calculated by dividing Gross Profit by the revenue for the period.

Working Capital is calculated as current assets minus current liabilities.

Net Debt to Adjusted EBITDA is calculated as Net Debt divided by Adjusted EBITDA.

Net Debt is calculated as long-term debt minus cash.

Return on assets ("ROA") is calculated as annualized Adjusted EBITDA divided by average net book value of Property and Equipment.

Free Cashflow ("FCF") is calculated as Funds from Operations minus maintenance capital, net interest paid (including lease interest), payment of lease liabilities, current taxes, distributions declared to non-controlling interest and dividends paid.

Readers are cautioned that the non-GAAP measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of Black Diamond's performance or cash flows, a measure of liquidity or as a measure of actual return on the shares of Black Diamond. These non-GAAP measures should only be used in conjunction with the consolidated financial statements of Black Diamond.

RELATED PARTY TRANSACTIONS

The amounts due to limited partners include distributions and royalties payable to the non-controlling interests. They are non-interest bearing and due on demand.

The following table provides the total amount of transactions that have been entered into with related parties during the three and nine months ended September 30, 2021 and 2020, as well as balances with related parties as at September 30, 2021 and December 31, 2020.

	For the three months ended September 30,		For the nine months ended September 30,		Due from (to) related parties as at	
	2021	2020	**2021**	2020	**September 30, 2021**	December 31, 2020
	$	$	**$**	$	**$**	$
Non-controlling interests						
Limited partners						
Royalties and distributions declared	**407**	342	**743**	923	**(433)**	(637)
Sale of fleet assets	**—**	—	**—**	1,216	**—**	—
Capital contribution of fleet assets	**—**	—	**—**	1,216	**—**	—
Other related parties						
Purchases of goods and services	**73**	—	**73**	—	**—**	—

During the first quarter of 2020, a limited partner purchased surface rental units from the Company and contributed these units as a capital contribution to a partnership controlled by Black Diamond.

Services purchased from the entity controlled by a member of the board of directors at fair value include sublease and servicing of generators and fuel tanks.

RISKS AND UNCERTAINTIES

The operations of Black Diamond face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on Black Diamond's financial condition, results of operations and cash flows. Many of these risk factors and uncertainties are outlined in the annual information form of Black Diamond for the year ended December 31, 2020 which is available on SEDAR at www.sedar.com. Additional risks and uncertainties that management may be unaware of may become important factors which affect Black Diamond.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Black Diamond's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have, as at September 30, 2021, designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to Black Diamond is made known to Black Diamond's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by Black Diamond in its annual filings, interim filings, or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Black Diamond's CEO and CFO have designed or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") for the Company to provide reasonable assurance regarding the reliability of Black Diamond's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Black Diamond's management, under the supervision of the CEO and CFO, used the criteria and framework established in the 2013 Internal Controls - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission to design Black Diamond's ICFR.

On November 30, 2020, Black Diamond completed the acquisition of Vanguard. The results of Vanguard have been included in the consolidated financial statements of the Company since November 30, 2020. However, Black Diamond has not had sufficient time to appropriately assess the DC&P and ICFR previously used by Vanguard and integrate them with those of Black Diamond. As a result, the certifying officers have limited the scope of their design of DC&P and ICFR to exclude controls, policies, and procedures of Vanguard. Black Diamond has a program in place to complete the assessment of the controls, policies, and procedures of the acquired operation by November 30, 2021.

During the three and nine months ended September 30, 2021, the assets previously held by Vanguard contributed revenues of $24.5 million and $49.6 million, and net earnings of $3.8 million and $7.2 million.

Black Diamond is required to disclose herein any change in Black Diamond's ICFR that occurred during the period beginning on January 1, 2021 and ended on September 30, 2021 that has materially affected, or is reasonably likely to materially affect, Black Diamond's ICFR. No material changes in Black Diamond's ICFR were identified during such period that have materially affected, or are reasonably likely to materially affect Black Diamond's ICFR. Due to the COVID-19 pandemic, Black Diamond has implemented social distancing measures which require non-essential employees to work remotely. These measures have not had a material impact on Black Diamond's ICFR to date, but will be continually monitored to mitigate any risks associated with changes in the Company's control environment.

It should be noted that a control system, including Black Diamond's disclosure and internal controls and procedures, no matter how well conceived or operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Additional information relating to Black Diamond, including Black Diamond's annual information form for the year ended December 31, 2020 is available on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS & ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have a significant effect on the amounts recognized in the consolidated financial statements:

Impairment of non-financial assets

Goodwill is assessed annually for impairment. Property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment review requires estimates in a variety of areas including the determination of fair value, selling costs, timing and size of forecasted cash flows, long-term growth rates, anticipated gross margin, discount rates, and other valuation variables; the application of these variables in valuation models requires judgment. When applicable judgement is required when determining the use of the exemption that allows the recoverable amount calculated from the preceding year to be used in the current year based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation would not impact the margin from the preceding period.

Determination of a Cash Generating Unit ("CGU")

Management's judgment is required in determining the Company's CGUs for the impairment assessment of its property and equipment, goodwill and definite life intangible assets. The CGUs have been determined considering level of operating activities and independent cash flows generated from groups of assets. Management determined the smallest identifiable group of assets that independently generates cash inflows and whose cash flow is largely independent of the cash inflows from other assets or groups of assets as follows: MSS East, MSS West, MSS U.S., Camps & Lodging, Energy Services, and Australia.

Operating lease commitments – Company as lessor

The Company has entered into rental contracts for its fleet. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the fleet, that it retains all the significant risks and rewards of ownership of these assets and accounts for the contracts as operating leases.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cash flow models and trading multiples. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Determination of control and significant influence

Management has used judgment in assessing whether the Company exerts control and significant influence over its subsidiaries and investments, respectively. In general, significant influence is presumed to exist when the Company has between 20% and 50% of voting power. Significant influence may also be evidenced by other qualitative factors, including but not limited to the Company's representation on the board of directors.

Income Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. As a multinational group of legal entities and businesses, the Company has undertaken various cross border transactions. These transactions are subject to the review and audit of various tax authorities. The judgment used when developing and entering into these transactions is based on existing tax policies in each jurisdiction. Future changes in tax policies may necessitate associated adjustments to tax recoveries and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company's legal entities.

Aggregation of interest in subsidiaries

Management has used judgment in determining whether it is appropriate to aggregate the disclosures required by IFRS 12, *Disclosure of interests in other entities* for Black Diamond's interests in subsidiaries. In reaching a determination, management considered such factors as its interests in the subsidiaries' nature of business, their industry classification and their geographical location.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Since March 2020, the Company has seen macro-economic uncertainty as a result of the global COVID-19 pandemic. The outbreak and subsequent measures intended to limit the spread of the virus contributed to significant volatility in financial markets. Furthermore, recent global developments and uncertainty in oil supply have caused further abnormally large volatility in commodity markets. The outbreak presents uncertainty and risk with respect to the Company, its performance, and estimates and assumptions used by Management in the preparation of its financial results.

Revenue recognition

Revenue from certain types of contracts is recognized over time, using an input method to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Company. In determining the progress towards complete satisfaction, estimates and assumptions are made in relation to costs incurred and the costs to complete the contracts. When the outcome of the transaction cannot be estimated reliably, estimates and assumptions are made on whether the Company will recover the transaction costs incurred.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value-in-use. The FVLCD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Company bases its impairment calculation on estimated future cash flows. The FVLCD calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the Company's forecast for the next year and does not include significant future investments that could enhance the performance of the CGU being tested. Estimates for revenue growth and Adjusted EBITDA margins are based on a review of historical information for each CGU, consideration of achievable rates and utilization during the forecast period, and consideration of future prospects given management's understanding of the operating environment. The discount rates used for each CGU are estimated based on the assumed weighted average cost of capital for a notional purchaser of each CGU. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows, margins, and the growth rate used for extrapolation purposes.

The Company is required to make judgments regarding the need for impairment at each reporting date by evaluating conditions specific to the organization that may lead to the impairment of assets.

Asset Retirement Obligations

The Company has recognized a provision for asset retirement obligations associated with land leases held by the Company. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the camps from the leases and the expected timing of those costs.

Additional estimates

Other estimates that management is required to make to conform with IFRS and prepare timely consolidated financial statements include accrual of unsettled transactions, collectability of accounts receivable, recognition of provisions and contingent obligations, the estimated useful lives of property and equipment, and useful lives of intangible assets. Accordingly, actual results may differ from estimated amounts. Management has also used judgment in the estimates used in pricing its options and long-term share-based compensation plans, assessing the effectiveness of hedging relationships and the determination of functional currency.

If the underlying estimates and assumptions upon which the consolidated financial statements are based change in future periods, actual amounts may differ from those included in the accompanying consolidated financial statements.

Changes in Accounting Policies and Disclosure

Government Grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all conditions associated with the grant are met. Claims under government grant programs related to income are recorded as a reduction to the eligible expenses incurred.

In the first quarter of 2021, the Company qualified for CEWS, a taxable government subsidy available to businesses affected by COVID-19 that meet certain criteria. In the second and third quarter of 2021, the Company did not qualify for CEWS. In the first quarter of 2020, the Company did not qualify for CEWS. In the second and third quarter of 2020, the Company qualified for CEWS.

Total subsidies received in the Comparative Quarter were $1.6 million, and are reflected as a reduction of $0.6 million and $1.0 million in direct costs and administrative expenses, respectively. Total subsidies received on a YTD basis were $0.4 million (2020 - $2.9 million), and are reflected as a reduction of $0.2 million and $0.2 million (2020 - $1.2 million and $1.7 million) in direct costs and administrative expenses, respectively.

Derivative Financial instruments

Derivative financial instruments may be used periodically by the Company to manage its exposure to risks relating to interest rates. When the Company utilizes derivative instruments in hedging relationships, the Company identifies, designates and documents those hedging transactions and regularly tests the transactions to demonstrate effectiveness in order to continue hedge accounting.

Derivatives used for cash flow hedging are derivative financial instruments measured at fair value and included in non-current assets or liabilities until expiry or unless management intends to dispose of the investment within 12 months of the Consolidated Statement of Financial Position date, in which case they are classified as current.

The instrument is remeasured to fair value at each reporting date. Hedge effectiveness is evaluated by assessing the critical terms of the hedging relationship at inception, at the end of each reporting date and upon a significant change in the circumstances affecting hedge effectiveness. The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge are recognized in other comprehensive income and in equity in accumulated other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the Consolidated Statement of Net Income. Changes in the fair value of a derivative designated in a cash flow hedge are recognized in the same line item as the underlying hedged item.